FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,229 Tuesday July 29 1980 ***25p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 28; DENMARK Kr 5.00; FRANCE Fr 4; GERMANY DM 2.0; ITALY L 700; NETHERLANDS Fl 2.0; NORWAY Kr 5.00; PORTUGAL Esc 45; SPAIN Pts 70; SWEDEN Kr 5.00; SWITZERLAND Fr 2.0; EIRE 25p; MALTA 20c

NEWS SUMMARY

GENERAL

New move on Tehran hostages

The death of the former Shah will make a difference to the problem of the U.S. Embassy staff held hostage, says a senior Iran politician.

Mr. Akbar Hashemi-Rafsan jani, second most important figure in the Islamic Republican Party, said a parliamentary commission would consider the question next week.

Attention is now shifting towards achieving the return of the Shah's fortune.

A commission is being set up to discuss candidates for Prime Minister. Back Page

Blow for TUC

The construction section of the engineering workers' union has rejected TUC proposals for a compromise in the Isle of Grain power station dispute. The situation could lead to its suspension from the TUC. Back Page

Turkish refugees

About 100,000 Turks have applied for political asylum in West Germany in the past 18 months, say diplomatic sources in Turkey. Germany has brought in a visa system for entry, to begin in October, which will apply to Turks, Indians and Bangaleshis.

New-type tunnel

Anglesey is to be linked to the mainland with a novel "submerged tube" tunnel. It will cost £77m. A bridge would have been £15m cheaper, but Conway Castle and the town's medieval walls would have been at risk. Page 8

Dies at 110

Britain's oldest woman, Mrs. Constance Young, widow of a former chairman of Young's Brewery, has died at Winchester, aged 110.

Defrauded school

Managing director of a Hampshire school for maladjusted children, Samuel Freeman, an Australian who helped develop heart pacemakers, defrauded it of nearly £220,000 and the Inland Revenue of at least £60,000. He was sentenced at Winchester to three year's jail.

Wells beaten

Allan Wells, the Scot who won the 100 metres in the Moscow Olympics, took the 200 metres silver—Italy's Pietro Mennea beat him by two-hundredths of a second. Zimbabwe, called up for the women's hockey after boycott withdrawals, are favourites for the gold, having beaten USSR 2-0.

England slip

England, who led by 105 when they put West Indies out for 265 at The Oval, squandered their advantage by losing four second innings wickets for 20 in the Fourth Test. Today is the last day.

Fore, you chaps!

Afghanistan is offering six armed guards for UN experts travelling to play golf 10 miles outside Kabul.

Briefly . . .

Eleven telephone fiddlers were fined a total of £1,910 after a Torquay landlady's suspicions had been aroused.

Mobil Oil experts doused a 3½-month gas fire in Sumatra that has wasted more than £4m.

Three Welsh academics who caused £173 damage at a TV relay station were fined £500 each at Carmarthen.

South African grandmother Mavis Hutchinson, 55, set out on a John O'Groats-Land's End run.

Eleven were killed in a tribal battle between goldminers near Johannesburg.

BUSINESS

$ up as £ falls; Gold $6 lower

● DOLLAR was firmer despite Friday's cut in Federal Reserve discount rate from 11 to 10 per cent, with the market hoping U.S. interest rates had touched their lowest. U.S. dollar rose to DM 1.7400 (DM 1.7390) and Sw Fr 1.6080 (Sw Fr 1.5980). Its index rose to 83.9 (83.5). Page 26

● STERLING eased to $2.3865 ($2.3915) in line with Continental currencies and its index fell to 75.2 (75.3). Page 26

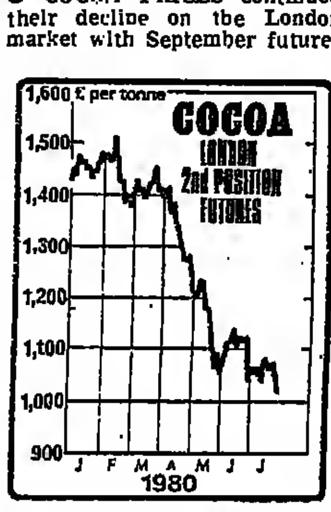
● GOLD fell $6 an ounce to $644.50 in London. Page 26

● GILTS were steady with trade reasonable in shorts, which ended 1/16 better. The F.T. Government Securities index rose 0.10 to 72.26. Page 32

● EQUITIES were quiet at the start of the new Account with leading banks and some oil shares depressed. The F.T. 30-share Index shed 1.4 to 485.9 and the Gold Mines index lost 5.5 at 378.1. Page 32

● WALL STREET was 4.01 higher at 922.10 shortly before the close. Page 30

● COCOA PRICES continued their decline on the London market with September futures



falling £16 to £1,017.50 a tonne—the lowest since May 1976. Page 31

● COMMON MARKET steel producers have agreed to cut output by at least 10 per cent in the second half of 1980 due to falling demand in an attempt to shore-up prices. Back Page

● CANADA has dropped out of the U.S.-led embargo on grain sales to the Soviet Union imposed after the invasion of Afghanistan. Page 31

● U.S. CONGRESSMEN are studying a possible temporary ban on foreign takeovers of American banks, with three such deals imminent. Back Page

● FINANCIAL targets set for British Shipbuilders a year ago may no longer be considered realistic when the corporation's results are announced shortly. Page 8

● BRITISH GAS Corporation's monopoly in the sale of domestic gas appliances is criticised by the Monopolies and Mergers Commission. Page 7

COMPANIES

● VICKERS shareholders have given overwhelming approval to their board's plan to merge with Rolls-Royce. Back Page

● INCHCAPE AND CO. taxable profits jumped in the second half to £34.45m (£18.05m) giving a group figure for the year to March 31 of £65.61m (£41.05m) despite a slight fall in turnover. Page 20

● WILKINSON MATCH shares were suspended as Allegheny Ludlum of the U.S. finalised its £27m offer for the majority stake in the UK razor and match company. Page 22

● GRESHAM INVESTMENT Trust, which is mainly involved in merchant banking, made record taxable profits for the year to March 31 of £1.47m, up 21 per cent on the previous £1.22m. Page 20

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treas. 11¾pc 1991 'A' (£20 pd.)	£20¼	+ 7/16
Anchor Chemical	75	+ 3
Anderson Strathclyde	91	+ 3
Applied Computer	410	+ 15
British Land	89	+ 2
Derritron	30	+ 2
Feedex Agricultural	46	+ 6
Hampton Trust	66	+ 4
Inchcape	432	+ 16
Ka Wah Bank	21	+ 2½
Leigh Interests	178	+ 6
MEPC	228	+ 3
Pauls & Whites	148	+ 5
Taylor Woodrow	460	+ 7
Yarrow	250	+ 15
Moonie Oil	£13½	+ 1

FALLS		
Atlantic Assets	186	− 6
Barclays Bank	388	− 7
Dunlop	77	− 4
Flight Refuelling	273	− 10
Gough Cooper	96	− 4
Higgs & Hill	85	− 5
McInerney	34	− 10
Mothercare	236	− 4
National Carbonising	133	− 7
Tube Invs.	266	− 4
Wolseley Hughes	239	− 9
Aran Energy	430	− 14
Edinburgh Secs.	196	− 8
LASMO	675	− 11

Atlantic air fares war grows fiercer with more cuts

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

The North Atlantic air fares war hotted up yesterday, with both British Airways and Trans World Airlines further trimming their cheapest London-New York Stand-By single rates to the lowest level yet, £82 for the coming winter.

Plans by Pan American for fares cuts are expected later this week. Sir Freddie Laker, chairman of Laker Airways, who is on holiday, is likely to make some announcement on his return, at the weekend. Both operators are now undercut by BA and TWA.

Other developments in the battle yesterday included an announcement by Aer Lingus in Dublin that it would cut its North American flights by about 13 per cent, with loss of 200 jobs, because of severe competition.

World Airways, which flies between London and Boston, announced an economy Stand By rate of £94.50, and a single first-class Stand-By of £185 against the British Airways regular first-class fare of £594. British Airways does not offer a Stand-By fare on the Boston route.

British Airways began the fares battle at the weekend by announcing a cut of £13, to £84 single, in its winter London-New York Stand-By rate.

TWA announced its own package of cuts to New York and other cities yesterday with a Stand-By rate down from £98 single to £82.50.

BA immediately lowered its own rate further, to £82, which TWA in turn promptly matched.

Late yesterday both airlines indicated that they would go lower only if forced to do so by either Pan Am or Laker.

Laker's cheapest Skytrain off-peak single to New York is £85.

Mr. Neil Effman, vice-president of airline planning for TWA, said in London that he was not anxious to become involved in a fares war, but to make profits.

His airline was breaking even on the North Atlantic this summer, after making profits of $150m in the past four years on the route.

But he admitted that TWA, like British Airways, was asking the UK and U.S. Governments for permission to raise other fares this winter by 13 per cent to cover soaring fuel and other costs.

This would raise the first-class single rate from the present £590 to £675, the Ambassador class from £247 to £281, and the economy from £189 to £213.

Mr. Effman said TWA was cutting its cheapest rates for three reasons. One was to generate more business among price-sensitive leisure travellers. Four in every 10 TWA passengers used Super Apex, while another one in 10 used Stand-By tickets.

Second, the airline wanted to simplify a complicated and confusing fares structure which offered too many seasonal fare changes. Now there would be one rate in each class throughout the winter.

Third, the airline was trying to "equalise a situation where the promotional fare passenger has carried an unfair share of fares increases generated by escalating fuel prices."

Other cuts in fares are being made by TWA between London and Boston (Stand-By down from £101 to £82.50); Philadelphia (from £108 to £89.50); Chicago (from £120 to £112.50); and Los Angeles (from £133.50 to £112.50).

Super Apex rates are also coming down sharply. The New York rate comes down from the current £236 to £155 round-trip, while the Boston rate falls from £234 to £185.

Background Page 8

Money supply 'probably under control' says Howe

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

SIR GEOFFREY HOWE, the Chancellor, was cautiously optimistic yesterday about the monetary prospects in spite of the distortions caused by the end of last month of the corset controls.

The Chancellor told the all-party Treasury and Civil Service Committee of the Commons that after taking account of all aspects, "the money supply was probably under control."

He hesitated to go further than the statement made when minimum lending rate was reduced earlier this month, on the basis of partial information so far available.

But he did not think that monetary influences had gone in the opposite direction since then. He believed that the money supply was being kept under control.

Sir Geoffrey confirmed comments made last week by Mr. Gordon Richardson, Governor of the Bank of England, that the impact of the end of the corset had come through faster and on a larger scale than previously expected.

But he said that switching of lending back within measured parameters did not affect the underlying trend of monetary growth. The Government would in due course look at how far it was sensible to adjust in the light of what happened in the next few months.

These comments underline the probability that the Government's decision on a further cut in MLR will reflect prospects for the underlying demand for credit, and disregard distorting effects of the end of the corset.

Questioning by MPs lasted more than 2½ hours and covered a wide variety of subjects. Sir Geoffrey was more self-confident and effective in his answers than at previous sessions. At the beginning of the hearing there was, however, a hint of tensions which arose after last week's critical report by the committee on the Treasury's handling of Civil Service pay rises.

During questioning Sir Geoffrey said that the rise in unemployment in recent months was not significantly different from what had been expected at the time of the Budget.

He was asked for some time about the appropriate level of public borrowing in the recession. He said the Government recognised the cyclical influence pushing up borrowing, but stressed that this had to be considered in the context of monetary performance and the objective of reducing interest rates.

The Chancellor appeared sceptical about suggestions for introduction of index-linked Gilt-edged securities and other debt instruments. He referred to the problems for the rest of

Continued on Back Page

BP to pay £93m for offices

BY MICHAEL CASSELL

BRITISH PETROLEUM has agreed to pay £93m for two adjoining office blocks in the City of London. This is thought to be the largest single property purchase arranged in the UK.

The two buildings, which will provide 440,000 sq ft of floor space, form part of the redevelopment of the original Whitbread brewery complex in Chiswell Street. The 6½-acre site is being redeveloped by a joint venture company owned by Whitbread and Trafalgar House.

Work on the Chiswell Street scheme, which also involves construction of about 130 houses and flats, began in 1976. The Shire House office tower is due for completion next month and BP intends to move in next year. The second block—Milton House—will not be completed until next year.

Payment by BP, which is subject to completion of the buildings, will be made in two equal instalments this year and next.

Whitbread said yesterday that it could not specify the share of the total consideration it would ultimately receive from the scheme as completion was still some way off. But, according to the company, on the basis of present estimates and after construction costs, the net cash flow to the group between 1980 and 1982 could be in the region of £29m.

The cash is to be used to support the brewing group's expansion programme, including the completion of a new lager brewery at Magor in Wales.

By March this year, Whitbread had spent £16m on meeting its share of development costs. Although Trafalgar House declined to give any details of expected profits from the scheme, its position as joint venture partner should be similar to that of Whitbread.

BP has its 4,000 headquarters staff spread around several City office blocks close to Chiswell Street. The group intends to maintain its central operation at nearby Britannic House, which it owns, but will be disposing of other office buildings in the vicinity as it transfers employees to Chiswell Street.

Ernest Whinney, the accountants, are negotiating with BP for the outstanding lease on the 223,000 sq ft Britannic House North, where the Granada Group is the freeholder. BP will also leave Longbow House, a 57,000 sq ft office block, also owned by Granada, where the lease is due for renewal next November.

Saudis and UK resume relations

By Simon Henderson

BRITAIN AND Saudi Arabia are to restore full diplomatic relations after a rift lasting nearly four months, caused by the showing of the controversial film Death of a Princess on British television.

Ambassadors are once again to be exchanged and Lord Carrington, the foreign secretary, is to visit Saudi Arabia in late August. It is also hoped that British businessmen will find it easier to secure contracts.

The improvement in relations was announced by Mr. Douglas Hurd, the Foreign Office Minister of State, at the end of a three day visit to Saudi Arabia and marks the successful conclusion of an official campaign to soothe offended Saudi feelings.

The film "Death of a Princess" depicted the execution for adultery of a Saudi Royal princess. Mr. James Craig, the British ambassador, was asked to leave Saudi Arabia after the film was shown, and the man nominated as the Saudi ambassador to London was not sent.

Speaking at Jeddah airport before flying home, Mr. Hurd referred to the "understandable offence" caused by the showing of the film. In his talks with Prince Saud Al-Faisal, the Saudi Foreign Minister, he had proposed ways of overcoming the misunderstandings.

Since there was no formal trade embargo against Britain there is to be no formal retraction. The Saudi export market is Britain's eleventh biggest worth about £850m a year with services worth another £200m. Britain imports oil worth £1bn a year from Saudi Arabia.

British exports during May showed a distinct drop to £79.2m from £92.6m in the same month in 1979, in what was previously an expanding market. On estimate of the long term cost in lost trade is between £100m and £300m.

The argument which finally led to the easing of the strained relations appears to have been the Saudi awareness of the larger shared interests it has with Britain on the problems of the region.

Apart from the Soviet invasion of Afghanistan, a new EEC policy towards the Arab-Israel problem is now being evolved. Both matters are expected to be on Lord Carrington's visit agenda.

Inmos stake considered by STC

BY GUY DE JONQUIERES

STANDARD Telephones and Cables (STC), one of Britain's leading manufacturers of telecommunications equipment, is understood to be considering the possibility of taking a stake in Inmos, the National Enterprise Board's microchip subsidiary.

STC is believed to have held informal discussions with the Government, during which it indicated that its willingness to proceed would depend on Government approval of Inmos' outstanding request for a second £25m of funding.

The company's interest appears to have caught Whitehall officials off balance as Ministers prepare to hold new discussions on the funding request, which has been hanging fire since late last year.

Sir Keith Joseph, the Industry Secretary, seems determined to press for a clear decision by the Cabinet before Parliament rises on August 8 and is expected to argue in favour of giving the project continued public support.

Further backing has been strongly recommended by the NEB on the basis of a detailed internal review of Inmos' technological strengths and commercial prospects carried out during the past few weeks.

Though its contents have not been made public, the review is believed to conclude that Inmos still stands a reasonable chance of success on the world market for high volume "standard" integrated circuits, despite the delay in a decision on the next tranche of funding.

Assurance

The review was conducted by a team headed by Mr. George Jefferson, chairman of the Dynamics Group of British Aerospace. Mr. Jefferson is also a leading candidate for the post of chairman of British Telecom, which will handle the Post Office's telecommunications activities after the Corporation is split.

Although STC is a subsidiary of International Telephone and Telegraph, the American multinational, its operations have long been intertwined with Britain's telecommunications industry. This involvement is seen in Whitehall as an assurance that, if STC were to take an interest in Inmos, it would not abandon the venture's UK activities.

STC has for many years been one of the Post Office's major equipment suppliers and is involved in the development of System X, Britain's advanced telephone exchange project. Almost all the company's senior executives are British, and last year 15 per cent of its equity was floated to UK investors.

At present, STC has no significant semiconductor manufacturing operations. It purchases a number of components from ITT's Semiconductor division, which has plants at Footscray and Sittingbourne in Kent.

Though Sir Kenneth Corfield, STC's chairman, is also chairman of ITT Semiconductor, operational responsibility for the latter lies with Inter Metall, an ITT subsidiary in West Germany.

It is not clear how Inmos would fit into STC's existing activities. But some of the venture's production of integrated circuits could presumably be used in the construction of advanced electronic telecommunications apparatus.

Market

The market for such equipment in the UK is expected to grow strongly once the Government's proposals to relax the Post Office's telecommunications monopoly take effect, allowing a much wider range of apparatus to be offered for sale.

The General Electric Company (GEC) and Plessey, two of STC's main competitors in the telecommunications business, have recently moved to strengthen their semiconductor operations, partly in anticipation of the ending of the Post Office monopoly.

Both companies plan to manufacture integrated circuits under licence using technology developed by Mitel, a small Canadian company.

Plessey recently reorganised its semiconductor business into a single division and GEC has announced plans for a similar regrouping.

Earlier this year, GEC expressed an interest in Inmos. But after examining the project closely, the company decided not to proceed.

GEC's withdrawal was interpreted by City institutions and a number of other British industrial companies as a sign that it did not share the NEB's confidence in the project

£ in New York

—	July 25	Previous
Spot	$2.3960-3980	$2.3945-3955
1 month	1.48-1.37 dis	1.65-1.60 dis
3 months	3.71-3.66 dis	3.65-3.60 dis
12 months	7.35-7.20 dis	7.30-7.15 dis

CONTENTS

For latest Share Index 'phone 01-246 8026

هكذا من الأصل

Why France may armour-plate its nuclear umbrella

BY ROBERT MAUTHNER IN PARIS

PRESIDENT Valery Giscard d'Estaing made more than a technical military statement last month when he said France had tested the neutron bomb, and that a decision to produce it could be taken in two or three years. His announcement had wide-ranging international political implications, later emphasised during his highly successful visit to West Germany.

Adding the neutron bomb—the "enhanced radiation weapon" in military jargon—to France's nuclear panoply would be an important modification of French defence strategy. While it would not invalidate General Charles de Gaulle's doctrine that a nuclear attack on France would trigger massive nuclear retaliation, it anticipates situations which fall short of an allout nuclear war.

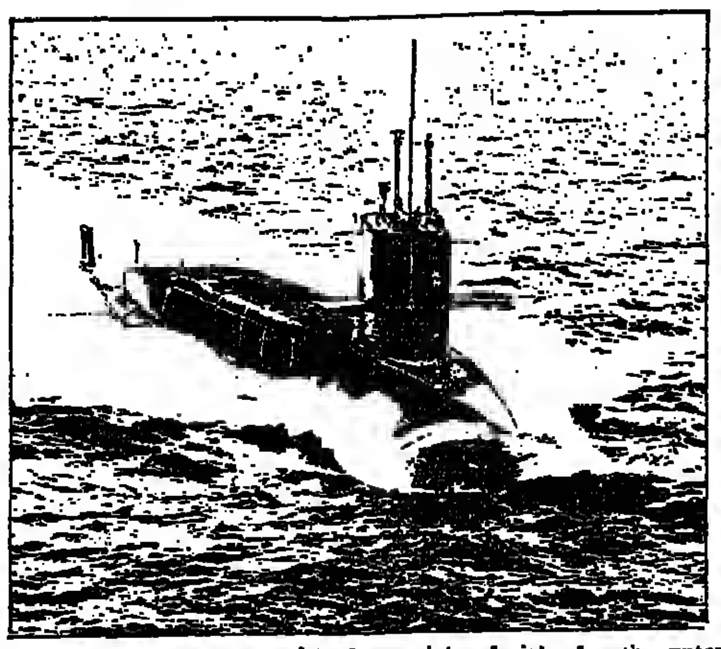
That the neutron bomb's probable adoption by the French armed forces has been publicly welcomed by the West German Government indicates the significance of the direction French defence policy is taking. The neutron bomb can wipe out life in a relatively restricted area, without destroying the area itself. It is essentially a tactical weapon, particularly effective against tanks, which could counter a conventional Soviet attack against Western Europe.

The Germans are right to look on its development by France as a confirmation of President Giscard's new doctrine that France must be prepared to take part in even a conventional conflict on West Germany's eastern border, since France's own security would inevitably be threatened once the Russians crossed the River Elbe.

French and West German disillusion with the lack of firm direction and the vacillations of U.S. foreign policy under President Jimmy Carter's Administration has created a climate in which at least some noises can be made about greater European defence co-operation. What is much more doubtful is whether West Germany, heavily dependent for its security on the U.S. nuclear "umbrella" and U.S. troops and equipment stationed on its soil, can afford modifications of the present set-up.

Certainly Herr Helmut Schmidt, the West German Chancellor, who faces a general election in the autumn this year, and President Giscard, who is expected to run for a second term in the French presidential election next spring, will be careful not to rush matters.

As far as the French President is concerned, too sudden a departure from the time-honoured defence principles laid down by Gen. De Gaulle could alienate the Gaullist electorate he is trying to woo. By making it clear that no final decision on the neutron bomb will be taken for at least two to three years, and by couching his call for greater European independence in very general terms, he has tried to ensure that his opponents cannot attack his proposal during the election campaign. Even in the absence of final decisions, however, the President's strong hints about his thinking on defence strategy have been sufficient to spark off a fundamental debate between his followers and opponents.



"Nuclear deterrents consist of a variety of risks for the potential enemy, one of which at least is mortal"—President Giscard d'Estaing

Both the pro-Giscard UDF party and the Gaullist RPR have recently published documents on the subject, which reflect a sharp difference of opinions. The pro-Giscard party, while stopping short of proposing France's return to the North Atlantic Treaty Organisation's military command (from which Gen. De Gaulle withdrew in 1966) is taking an unambiguously pro-Atlantic Alliance line.

It argues that it is nonsense to talk of France's defence in isolation. To believe that France can remain inviolate once the Soviet Union has occupied the rest of Europe is no more than a pipe dream. As soon as a conflict breaks out in Europe, France's territorial integrity and independence will be threatened. It is, therefore, imperative that France should be prepared to fight alongside its Atlantic Alliance allies in any forward battle in Europe.

In adopting this position, President Giscard's supporters have virtually accepted the alliance's own strategy of "flexible response." Instead of putting all the emphasis on the strategic deterrent, they say the threshold at which strategic weapons would be used should be raised by providing the armed forces with large numbers of tactical nuclear weapons, including neutron bombs.

Such weapons would serve, not only as a last warning that strategic arms would be used if an aggressor went on to threaten France's territorial integrity, but would provide an effective counterweight to the Soviet Union's overwhelming superiority in conventional weapons.

For the Gaullists, on the other hand, the strategy laid down by Gen. de Gaulle is still largely valid. They claim that ony the capacity to retaliate against the main cities and industrial centres of a nuclear aggressor provides a credible deterrent. It must be made clear to the potential enemy that France is a "sanctuary" which, if violated, would spark a nuclear holocaust.

France must certainly stay in the vanguard of nuclear weapons technology, according to the Gaullists, and should develop the neutron bomb. But it should not be produced in large quantities, because this would give the impression that France was preparing to fight in conventional wars in Europe, which it could not hope to win, and that it was reluctant to use its strategic weapons even in the last resort. In other words, the neutron bomb would devalue the strategic deterrent.

The Gaullists, therefore, continue to put all the stress on the strategic deterrent, particularly the strengthening of the nuclear missile-launching submarine and nuclear bomber forces. They propose that defence expenditure should be raised to about 5 per cent of the gross national product at the end of the century, from its present level of 3.3 per cent, which would allow 15 more missile-launching submarines to be built by the year 2010. The present strength of the nuclear submarine force is five, rising to six in 1985, all due to be equipped progressively after 1985 with the new M4 multiple warhead missiles, which have a range of 4,000 kms.

The Socialists, whose candidate is likely to be the main threat to President Giscard in next year's presidential election, also oppose the production of the neutron bomb, although not its technical development, for similar politico-strategic reasons.

While President Giscard has cleverly kept his options open to avoid a full-scale political row in the run-up to the presidential election, he has said enough to make it clear that the Government's final choice of the new generation of nuclear weapons will be a mix of the various proposals.

The strategic deterrent will therefore be maintained and modernised, whether or not the French armed forces are equipped with neutron weapons in large quantities. But its composition will be modified.

France thus intends to remain a fully independent nuclear power, whatever the financial cost. Despite all the criticism by the left-wing Opposition of President Giscard's "Atlanticist" sympathies, there are no grounds for thinking France will ever rejoin the alliance's integrated military command.

But that does not preclude a closer co-ordination of defence policies with the alliance than before. For a decision to produce the neutron bomb would be tantamount to a final abandonment of the "French sanctuary" doctrine, and to an admission of France's military solidarity with its Western partners.

While the French have never ceased to pay lip service to their obligations under the Atlantic Alliance treaty, their national defence doctrine has always appeared to contradict these protests. If President Giscard's new defence strategy has done no more than clear up this ambiguity, it is already a big step forward.

Olympic glory fires E. Germany

BY LESLIE COLITT IN BERLIN

AS FAR as East Germany is concerned, it has virtually won the Moscow Olympic Games. East German newspapers yesterday displayed a score card showing that the country's athletes have piled up 530 points to the Soviet Union's 731—a considerable achievement for a country of only 17m. against 265m Soviet citizens. The East German scoring system gives seven points for a gold medal on down to one point for a sixth-place.

Apart from the pride most East Germans feel about the successes of their athletes, sport is one of the few areas where East German officials consider they can afford to be modest. Any country, they say, could produce equally good athletes if it adopted the social system and the fine-tooth-comb methods used by East Germany.

This past weekend, more than three dozen congratulatory telegrammes were sent to medal-winning East German athletes by Herr Erich Honecker, the Communist party leader and head of state. Along with other news of East German Olympic triumphs, they occupy five out of yesterday's eight-page party newspaper, Neues Deutschland, which is normally concerned with industrial output, harvests, and the ideological views of Herr Honecker and his colleagues.

East German television is providing blanket coverage of the Games in programmes which have also attracted viewers in West Berlin and the eastern border area of West Germany, which can receive East German transmissions. Only brief reports from Moscow are appearing on West German TV in view of the absence of its national team.

However, not all East Germans are happy about the enormous emphasis given by the regime to sport. One East Berlin woman, whose husband has been in near-total Olympic immersion every evening since the Games started, said she would prefer lower consumer prices rather than the "billions of marks wasted" in Government subsidies for competitive athletics.

An East German family in Dresden, whose four-year-old boy's athletic potential was spotted in his nursery school, rejected a State offer to send him to a sports school. "It might have enabled him to get an apartment and a car more quickly when he grows up," his mother said, "but it might also have turned him into a machine."

East German oarswomen celebrate their gold medal in the coxed fours event by hurling their cox into the water.

Portugal to modernise airport at Madeira

BY JIMMY BURNS IN LISBON

TOURISM ON Madeira, Portugal's main holiday island and one of the country's most important sources of foreign exchange, is expected to benefit from a decision to modernise the airport there and create a duty-free zone.

A statement issued over the weekend, following an official visit to the island by Sr. Francisco Sa Carneiro, the Prime Minister, said that the runway of the accident-prone Santa Catarina airport will be extended by 1,040 metres, the work to be completed by 1984. The scope and scale of the duty-free zone will be worked out within the context of Portugal's current negotiations to join the European Community.

The Government has to modernise the airport at a cost of £80m rather than spend £210m on a new one, as the less costly solution to the island's pressing problems. Madeiran officials have complained frequently that the poor condition of Santa Catarina is jeopardising the island's tourist potential seriously.

The island's government last year shelved an ambitious development plan aimed at tripling Madeira's tourist accommodation to 35,000 beds. Santa Catarina was adjudged incapable of handling the airliners needed because its limited runway was only 1,600 metres long.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

Communists to keep up pressure on Cossiga

BY RUPERT CORNWELL IN ROME

THE ITALIAN Communist party intends to continue making life as uncomfortable as possible this summer for Sig. Francesco Cossiga's coalition government, despite the failure of its offensive against the Prime Minister personally in the parliamentary impeachment hearings which ended on Sunday.

This was made clear yesterday by Sig. Enrico Berlinguer, the Communist leader, in the aftermath of an episode whose most visible short-term consequence has been to strengthen the fragile bonds between the three parties in the Government.

However, the overriding goal of the Communists remains to bring the Government down — and in doing so to prove that, without their own acquiescence, Italy is effectively ungovernable.

Opportunities abound to demonstrate the validity of this thesis. Aleardy the Communists, at the cost of a bead-on collision with their normal allies, the union leadership, have forced the Government to withdraw plans for a controversial 0.5 per cent levy on industrial salaries.

Meanwhile, Sig. Cossiga is struggling to push through Parliament before the summer recess the most important public spending and tax raising provisions of an economic package launched four weeks ago, all of which the Communists are seeking to modify.

Sig. Berlinguer: Trying to split the coalition

Once the summer break is over, moreover, the country faces what promises to be an exceptionally uncomfortable autumn on the industrial front when many large companies, including Fiat, are expected to lay off large numbers of workers due to the recession.

It has been to cement its position as the prime defender of the working class interest that the Communists took on, and effectively defeated, the union leaders, who had reached broad accommodation with the Government on the framework of its deflationary economic strategy.

The other evident Communist objective is to break the Government alliance of Christian Democrats and Socialists, which, if cemented, would create a stable parliamentary majority excluding the Communists for the first time in six years.

The dismal state of relations on the Italian Left, between a Socialist party shifting perceptibly to the right and a Communist party adopting a more traditional hard-line stance, was referred to in a lengthy interview this weekend by Sig. Berlinguer.

He accused the Socialists in essence of sacrificing their Left-wing principles and accepting a slavish pro-U.S. foreign policy by the Government. On domestic terms, be charged them with seeking only to secure as many power bases as possible while adopting a policy indistinguishable from the Christian Democrats.

Sig. Berlinguer also confirmed the "non-aligned" stance of bis party in international affairs, acknowledging that the U.S. nuclear umbrella 'was vital for West Europe's security, while refusing to contemplate any lasting break with Moscow, despite disagreement with Soviet behaviour in Afghanistan and elsewhere.

Saudi talks seek united OPEC price policy

By Simon Henderson

THE LONG-term strategy committee of the Organisation of Petroleum Exporting Countries (OPEC) is meeting this week in the hill town of Taif in Saudi Arabia as part of the process to evolve a united pricing policy.

The five-day meeting which began on Sunday is a continuation of one held in May, also in Taif, when Iran, Algeria and Libya disagreed with other members on a long-term pricing formula.

The three countries want a price increase formula based on an inflation index based on imported inflation and the growth of Gross National Product (GNP) of OPEC states.

The other members prefer a floor price for crude oil adjustable quarterly, and indexed to inflation and exchange rates and GNP growth in Western industrialised nations.

If agreement is reached, the policy would be ratified formally at OPEC'a 20th anniversary conference in Baghdad in November.

New Hebrides 'bush war over'

By Terry Dodsworth in Paris

M. Paul Dijoud, Secretary of State for the French Overseas Territories, claimed yesterday that the secessionist islanders of Espiritu Santo, in the New Hebrides have effectively abandoned their "bush war" against the Government of Mr. Walter Lini.

His comments came only hours after reports that the breakaway islanders, led by Mr. Jimmy Stevens, the self-proclaimed "President of Paradise" were preparing to fight the "bush war."

BOTSWANA'S UNEMPLOYMENT CRISIS

How to turn diamonds into jobs

BY BERNARD SIMON IN JOHANNESBURG

DR. QUETT MASIRE, Botswana'a new President, has inherited one of Africa's sturdiest economies. None the less, one of his most pressing tasks is to translate fast-rising foreign reserves into more jobs and higher living standards for his 820,000 people.

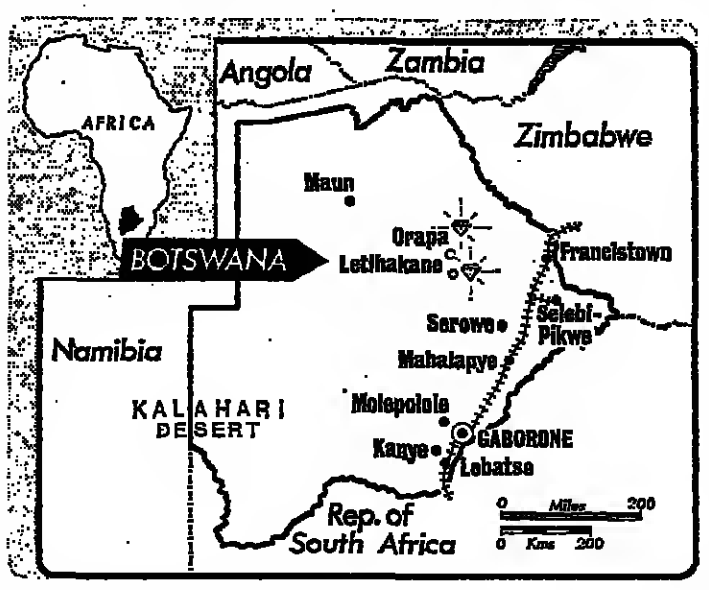
The degree to which he succeeda or fails may be crucial to his chances in the first general election since the death of his predecessor, Sir Seretse Khama. That election is due in 1984.

Unemployment and consequent urban drift are increasingly serious problems in Botswana. Only about 9 per cent of the population bave jobs in the "formal" sector. Most others eke out a living as underemployed peasant farmers. A sbarp drop in recruitment by South African mines (from 40,400 workers in 1976 to only 19,000 last year) bas componnded Botswana'a unemployment crisis.

Fierce competition for jobs was one reason wby the Government earlier this year moved several hundred relatively well-educated South African refugees from Gaborone, the capital, to a remote camp in the north.

Without major policy changes, the scope for creating new jobs is very limited. Modest tax allowances, Botswana's proximity to the developed industrial centres of South Africa and Zimbabwe, and the authorities' reluctance to relax bureaucratic regulations have discouraged new commercial and industrial ventures.

For much the same reasons, the Government has so far had very limited results in expanding agricultural employment. The "arable lands development programme," aimed at eocouraging farmers to raise crops rather than cattle, is unlikely to work properly until producer prices are raised. To do so, however, carries the risk of attracting a flood of imports across the poorly patrolled South African border.



Economists and businessmen argue that the time has come for the Gaborone authorities to take more risks in their economic policies in the hope of higher rewards. "Botswana is now in a position to be somewbat more speculative." A senior executive of the state-controlled Botswana Development Corporation said.

Tax cuts and even selective subsidies, among other measures, are being urged as ways of encouraging labour-intensive businesses in which Botswana does not yet have a comparative advantage.

In terms of Government revennes and foreign exchange earnings, the economy has never been stronger. Tax and customs receipts are expected to total Pula 265m (£145m) in 1980-81, three times the level four years ago. Foreign exchange reserves are now P280m, more than twice as mucb as they were 18 months ago.

Diamonds account for most of these spectacular increases. Diamond sales last year, at P181m, accounted for over half total exports, and almost equalled total export earnings in 1978.

Tbeir contribution will rise even further when the Jwaneng mine, in the sonth, comes into production in 1982. Jwaneog's annual output will total between 4m and 6m carats, compared with the 4.4m carats produced last year at the two existing mines, Orapa and Letlhakane.

Diamonds will account for at least 70 per cent of export earnings by the mid-1980s. But, unlike most other single-product economies, Botswana bas the advantage that while De Beers' virtual monopoly on the international diamond market lasts, its export receipts from diamonds will rise steadily even wben demand weakens.

In contrast, the two other major industries are in a sorry state. Cattle berds haye been ravaged for tbe past three years by foot-and-mouth disease, and beef exports this year are unlikely to earn more than half the P82m of 1979.

Tbe disease was spread mainly by infected cattle smuggled across the border from Zimbabwe during the civil war. An improvement in veterinary services in Zimbabwe, and more efficient border surveillance, should help to control tbe epidemic.

The Selebi-Pikwe copper/nickel mine, owned jointly by Amax and Anglo American, lost P16.5m last year. The mine's technical problems have heen smoothed out, but its financial position remains precarious. Debt and royalty payments have been deferred, and shareholders and international banks were forced to mount a second financial rescue operation earlier this year.

An executive closely involved with the mine said: "The shareholders will never make any money and they may not even get back what tbey put in." For political reasons, however, mining will continue indefinitely. One sign of hope is that substantial new ore bodies have been discovered near the existing operatioos.

U.S. Steel is believed to bave fouod encouragiog copper deposits nesr Maun in the north-west, and Falconbridge's prospecting for copper and silver in the north is "at an advanced stage." Proven and indicated coal reserves amount to 17bn tons, but some estimates put total deposits at arouod 100bn tonnes.

Tbe trans-Kalahari railway is a favourite project of most Botswana officials, wbo see it as ooe of the few ways to lessen dependence on Soutb Africa—after independence in Namibia, of course.

But dependence on South Africa is likely to continue for a long time. South Africa provided 85.4 per cent of Botswana's imports last year, and Gaborone bas rejected suggestions that it should witbdraw from the South African customs union. Mr. Archie Mogwe, the External Affairs Minister, conceded that a similar arrangement with other black states in the region is feasibly only "in a very, very long time."

Pöhl sees grounds for some optimism

BY KEVIN DONE IN FRANKFURT

THE BUNDESBANK president, Herr Karl Otto Pöhl, who has held the post for barely seven months, chose the start of the summer break yesterday, to report on his first term's work and managed to award himself an "A" in most subjects.

Recently, the Bundesbank has been under increasing pressure from the unions, economic commentators and some Bonn politicians, all of whom have been calling for a relaxation of the monetary reins as a way of dealing with the coming recession.

In terms of the domestic economy, the Bank has been rather more optimistic all year about the strength of economic activity, however. Herr Pöhl went out of his way to stress yesterday that a recession of the proportions witnessed in 1974-75 was not on the cards.

Herr Pöhl emphasised that far from domestic economic worries, the Bundesbank had been concerned above all for much of the year with the mounting deficit nn the external current account, and therefore with the question of foreign confidence in the Deutsche Mark.

From January to April some DM 20bn flowed out of West Germany as the currency reserves bore the brunt of financing the foreign deficit. That had been reversed in the past three months and it was proving possible to finance the deficit through the markets, said Herr Pöhl. But the situation was still filled with uncertainties.

The Bank's overriding domestic concern was to keep tight control of the money supply and this had been successfully achieved so far this year.

Within the target set of a growth of 5-8 per cent in the central bank money stock, expansion in June was, as hoped, in the lower part of the range at some 5.5 per cent.

The Bundesbank's monetary policy hardly merited the description tight, as credit demand in the first six months had still risen by 10 per cent, said Herr Pöhl. There was sufficient financial room for manoeuvre to allow a measured growth in the economy this year, which is still estimated at 2.5-3 per cent.

Internationally, the priority will be given clearly, to cutting the current account deficit—this year it will account for some 40 per cent of the industrialised countries' total deficit—by further expanding exports, particularly to the oil-producing countries. These include the UK and the USSR.

By value, exports to OPEC countries were up by 40 per cent in May/June, said Herr Pöhl. Putting aside Japan, West German industrial competitiveness had also improved this year by comparison with important trading partners, such as France and Italy.

Industry slows in EEC

By Giles Merritt in Brussels

EUROPEAN INDUSTRIAL activity during the past year has slowed at an even more alarming rate than during the 1974-75 recession or the decline in 1977, according to a key EEC economic indicator.

The July Business Survey, conducted by the European Commission, reports that the "business climate indicator," which points to future industrial output trends, has dropped 23.5 points during the 11 months up to June this year. The equivalent periods leading up to the 1974 and 1977 setbacks recorded significantly smaller drops of 20 and 21 per cent respectively.

The Commission emphasises, however, that the figures should not be taken as a sign that the present recession will be of the same dimensions as that of 1974-75. It points out that the financial positions of EEC businesses are stronger now than then and that "experience bas been gained in adapting to oil shock situations."

Tbe EEC survey also underlines the fact that industrial investment for this year in most of the Community is remarkably buoyant. Chief executives surveyed in March and April expect industrial investment for 1980 to increase by 16 per cent in value terms. At the bead of the Nine's investment league is Belgium where, despite serious economic difficulties, indnstry anticipates a 41 per cent increase in investment.

France, West Germany and Italy occupy the middle ground, with volume increases of investment put at 8.5, 10 and 12.5 per cent respectively. At the other end of the scale are the UK and Ireland. British investment in value terms is due to fall from 19 per cent last year to 2 per cent this.

French rate of inflation easing

By David White in Paris

THE FIRST convincing signs of the slow-down in French inflation coincides with a aharp fall in housebold purcbases and mounting gloom among the retailers. Consumer prices increased 0.6 per cent in June, the lowest monthly rise since the end of 1978. The rate was balf that at the beginning of the second quarter with food, manufactured goods and services rising evenly.

Although public service charges are expected to show a bigger rise this month, the Government is hopeful that the annual rate, currently at 13.5 per cent, can be brought down by the end of the year to its 12 per cent target, roughly the same as in 1979.

At the same time, a survey carried out among retailers by INSEE, the official statistics body, paints a picture of diminishing activity, rising stocks and pessimism for the coming months.

Sales of non-food products, which had already fallen in March and April, continued to drop in May and June. Retailers have had second thoughts about their order intentions, which were still fairly firm two months ago. The slowdown in demand, which began during the winter, now affects all products, INSEE says.

In particular, sales of housebold electrical equipment have been hit after a period of strong growth. Retailers are facing increasing financial problems aggravated by difficulties in obtaining bank credits.

FEW WORLD FIGURES FOR TODAY'S FUNERAL

Shah to have 21-gun salute

BY OUR CAIRO CORRESPONDENT

PRESIDENT Anwar Sadat of Egypt, with Mr. Richard Nixon, the former U.S. President, and family mourners will head the procession at today's funeral of the ex-Shah of Iran, who died in Cairo on Sunday.

The Shah's flag-draped bier will be borne on a gun carriage flanked by four generals of the armed forces carrying his medals and insignia along a two-mile route from the Abdin Palace in central Cairo to the Rifai Mosque, where the ex-Shah will be buried in a specially prepared tomb.

Some 1,300 men of the armed forces aod Presidential Guard will accompany the cortège. A 21-gun salute will mark the start of the loterment and a further three 21-guo salvoes, in accordance with military custom, will he fired when it is completed.

A decisioo on whether to atteod the funeral has presented the Westero Embassies here with a ticklish problem of protocol. EEC member-countries had taken a collective decision to send oo representatives, but later France decided to send its amhassador. The U.S. Embassy still awaits instructions from Washington.

Mr. Alfred Atherton, the U.S. Ambassador, personally dellvered a note of condolence from President Carter to the Shah's widow.

Apart from Mr. Nixon aod possibly ex-King Constantine of Greece, few world personalities will attend the funeral. President Sadat specifically excluded Arab Heads of State wheo he spoke to journalists yesterday. He has done everything possible to give the impression that the funeral will he a family affair.

As preparations for the funeral proceeded, workmen were busy giving the area around the Rifai Mosque, which is situated in one of the poorer parts of Cairo, a badly-needed face lift.

Mood in Iran is more cautious

BY PATRICK COCKBURN IN TEHRAN

THE FATE of the U.S. hostages in Tehran will be determlned as much by the popular mood in the streets as the Parliament which Ayatollah Khomeini, Iran's revolutionary leader, has said must decide the issue.

At the beginning of the year, general antipathy towards any deal with the U.S. which did not include the return of the Shah played a crucial role in thwarting efforts by Iranian President Ahol Hassan Bani-Sadr to secure the diplomats' release.

Now, the popular mood is different. Six months ago in Tehran's Jaleh Square, the scene of the massacre of hundreds o f demonstrators by the Shah's troops in September, 1978, local people reacted to a premature announcement by Mr. Sadeq Qothzadeb, the Foreign Minister, that Panama was to return the Shah by rejoicing in the streets.

Yesterday, they were more circumspect. Many still do not believe that the Shah is dead. They suspect a devious American trick. In genrel, however, local shopkeepers and workers are almost unanimous in seying that the diplomats should be released, if the Shah's fortune is returned to Iran.

"If they give the Shah's money hack, the hoatages should be freed," one shoe-shop owner said. Almost all those interviewed bellieved the Shah's wealth to be vast.

The open conflict between the militant clergy and President Bani-Sadr has overshadowed the fate of the Shah in recent montha. "We don't think about the Shah as much as we did six months ago," said a fruit seller.

The hunt turns to the Royal assets

By Anthony McDermott

President Sadat extends his condolences to ex-Empress Farah at Cairo's Kubbeh Palace

BARGAINING FOR the release of the 52 American hostages following the death of the Shah now becomes a question of figures rather than an individual.

Hitherto, the primary, if vain, request as part of the package for the prisoners' release was the return of the Shah to face trial. The second was the return of his assets.

The U.S. now regarda the issue of the wealth of the Shah and that of his family as the primary issue (along with the possibility of some of the hostages being put on trial as spies) in any negotiations with Ayatollah Khomeini's Government for their release.

The problem is that it is almoat imposaible to calculate accurately his vast wealth. Mr. Ali Nowbari, the Governor of the Iranian central bank, claima that the Shah "stole" $32bn. Calculations by bankers of the Shah's personal portfolio bave pnt his assets at between $1bn and $17bn. But thia wide variation probably depends on whether it is his own fortune or that of the 65 members of the royal family is heing estimated.

A further qualification must be made, and that is whether the fortune under consideration includes assets now seized or nationalised in Iran. At a rough estimate, one could put the family disposable aasets outside Iran at about $1bn. This would include properties in the U.S., Britain, Switzerland (two at St. Moritz and one near Geneva), Mexico and Spain. It would include cash, and stocks and shares held in banks in such main financial centres as New York, Londoo, Paris and Switzerland. For example, Iranian accounts handled by the 25 major Swiss hanks, amounting to about 80 per cent of all foreign huainess, totalled SwFr 1.03bn ($643m). This sum exclnded securities, real estate, deeds, stock and gold.

No doubt in the course of legal proceedings, distinctions will be made between the Shah's persooal fortune and any assets transferred to his family. Between 1973 and 1978, an average of $2bn left Iran every year, of which half, it has been calculated, was for the Shah's relatives. In disposable assets outside Iran, the Shah himself was probahly worth at most only about $200m, and with his family perhaps a total of $1hn.

The Shah acquired his fortune partly from his father and partly through regular and discreet milking of his country's institutions. When the Pahlevi Foundation was established in 1958 (as a charitahle institution), ooe of its functions was to sell off aome of the estates inberited from his father, amounting to 2.5m hectares. In 1961, the Shah said he had transferred $135m to the Foundation, or 90 per cent of bia personal fortune. The Foundation itself had businesa deals involving anything from hotels to tankers, and at a conservative estimate, when in 1978 as a final desperate gesture, the Shah handed it over to the state, were worth well over $3bn.

Besides, property, regular suhventions from the budget, and payments for securing foreign contracts, the Shah and his family acquired their fortune from regular grants from the National Iranian Oil Company, which are believed to have amounted to about $200m a year. On this basis it would be reasonable to reckon that about $7bn went to Iranian royal accounts abroad during this decade, up to the time of their mass flight in autumn 1978.

In addition, money was undoubtedly made on defence sales contracts, silent partnerships in companies at a time when, after the massive rise in oil prices in 1973-74, the Shah believed by doubling the size of the current development plan he could basically buy himself out of political trouble. This also opened the way to involvement in enormous projects, nearly all of which have now been scrapped.

Legal proceedings to recover $10bn were hegun by the Central Bank earlier in Iran and abroad. An initial petition filed with the Iranian Prosecutor-General's office asked the courts to freeze $600m on the basis of documentary evidence already unearthed.

The vagueness of the accusations, though, is demonstrated hy the fact that the Iranian Government had before that filed a case in New York seeking to recover approximately $20bn worth of assets which the Shah was said to bave "misappropriated, embezzled or otherwise directed to his own use."

To some extent what happens now will depend on the Shah's will. During his life he made several, including it is reported one since he left Iran in January 1979.

Japan faces credit dilemma over yen

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

THE RENEWED weakness of the yen on the Tokyo Foreign Exchange Market is creating a dilemma for Japanese economic policy makers who had heen planning to start relaxing some credit restraint.

The yen closed yesterday at a rate of Y226.75 to $1, its lowest level for about two months and nearly 4 per cent helow the mid-July parity. The Government claims to he "puzzled" by this sudden deterioration after two months of relative stability.

It is also concerned, because a weakening exchange rate tends to force up prices inside Japan. The belief that the inflationary effects of high world oil prices had finally worked themselves out was one of the reasons why officials have been moving cautiously towards lowering interest rates.

The yen's new weakness appears to be due in part to disappointment by the market at a further increase in Japan's seasonally adjusted trade defiit last month, after several months of improvement.

The deficit, on a customs clearance hasis, came to $1.85bn (£3.5m) compared with the previous month's figure of only $0.69bn.

The Bank of Japan, which fixes the discount rate, has heen mnch more cantious than have the politicians in alluding to possible policy changes. But Mr. Haruo Maekawa, as governor, has begun to admit the possibility of a downturn in recent statements on the economy. He appeared yesterday to suggest that a cut in discount rate might be compatible with a policy of continued overall restraint.

The Bank of Japan seems to have watched from the sidelines during the past two weeks of fairly rapid exchange rate depreciation, in the sense that there has been no large-scale official intervention on the foreign exchange market. But small-scale intervention by the Bank, is rumoured to have taken place last Friday and again in yesterday's market.

According to some reports, the central bank may have sold between $20m and $50m on each of these two days, in an attempt to slow the yen's decline.

Yesterday afternoon, the yen did, in fact, show signs of recovering, rising from a low point of Y227.20 to $1 to the closing rate of Y226.75.

Japan's June trade balance was disappointingly weak, but it is still expected that the halance of payments will strengthen sharply in the last six months of the current fiscal year (ending March 31, 1981).

Foreign Ministry urges quicker defence build-up

BY OUR TOKYO CORRESPONDENT

JAPAN'S Foreign Ministry, which was studiously neutral on defence issues until a year or two ago, has issued a report calling for an accelerated defence huild-up and for the despatch of technicians to take part in United Nations peace-keeping operations.

The report doea not explicitly suggest that uniformed members of the Japanese Self-Defence Forces should be sent overseas. This would contravene the existing Self-Defence Force Law and would be certain to stir up a storm of controversy inside Japan.

But the Ministry evidently does see the despatch of technicians as being a first step towards eventual full-scale Japanese participation in UN peace-keeping operations.

The "technicians" envisaged in the report apparently include communications and other specialists who could help to supervise elections in UN-mandated territories such as Namibia.

On the vexed issue of Japanese domestic defence policy, the report avoids precise formulations but calls for an existing defence build-up programme drafted by the Defence Agency to be completed ahead of time.

This echoes an American demand that the Defence huild-up programme should be completed in four years instead of five.

The Foreign Ministry report is unofficial in the sense that it comes from an *ad hoc* committee of senior officials, not from a permanent division of the Ministry handling defence matters.

Until now defence issues bave heen the coocern of a section of the Ministry's north American Bureau, whose main responsihility is Japan-U.S. relations.

The formation of a special committee to study defence issues reflects the belief of top officials in the Ministry that the issue had become too important to he handled only in the context of bilateral relations with the U.S.

Similar "global" issues such as North-South relations and the energy problem are expected to be handled by a parallel series of *ad hoc* committees to he set up in the next few months.

Lebanese politician shot

BY OUR BEIRUT CORRESPONDENT

A SENIOR member of the pro-Iraqi Ba'ath Party was murdered yesterday, as he drove on the road to Beirut International Airport. The murder is the latest in the continuing wave of assassinations in Lehanon.

Mr. Musa Shaib, deputy leader of the party, which hacks the Iraqi régime of President Saddam Hussein, was machine-gunned to death with his bodyguard-driver.

The way the assassination was carried out waa almost identical with that of the murder of Mr. Riad Taha, the late chairman of the Lebanese Press Association. Mr. Taha was shot last Wednesday.

Mr. Shaih's assassination has heightened tension and generated fear of further fighting here between supporters of the Iraqi régime and backers of the Iranian Revolution of Ayatollah Khomeini.

A Beirut link has been traced in the assassination in Abu Dhabi on Sunday of Mr. Husam Mohammed, Second Secretary at the Iraqi Embassy there.

An anonymous caller telephoned newspaper offices in Beirut, and said that a hitherto unknown group calling itself "The unit of Aref Al-Basri" was responsible for planting the bomb which had exploded at Mr. Mohammed's home.

هكذا من الأصل

Canadian oil price talks break down

By James Rusk in Ottawa

Alberta will unilaterally set Canadian crude oil prices later this week following the breakdown of energy negotiations between the province and the federal Government.

Premier Peter Lougheed of Alberta will meet his provincial caucus on Wednesday to decide what action to take, but the most likely immediate move seems to be an increase of C$1 to C$2 a barrel from the current level of C$14.75 ($13.06) a barrel, starting on Friday. An equivalent increase in natural gas prices can be expected later this summer.

A major reduction in oil supplies to the rest of Canada or even a gradual reduction by Alberta, which produces 85 per cent of Canada's crude oil, appears unlikely, although the province has the power to take such steps in its attempts to achieve its oil price goal.

Alberta is free to set prices as the current pricing agreement between it and the federal Government runs out at the end of July. Despite four meetings in two days last week between Mr. Lougheed and Mr. Pierre Trudeau, the Prime Minister, the two sides are far apart on the terms of a new agreement. Alberta wants the price to rise to about C$37.25 a barrel by January, 1984, while the federal Government proposes a price of C$27.50 by that date.

Mr. Trudeau has acknowledged he may have to reconvene Parliament, which only last week broke for its summer recess, to deal with excessive unilateral action by Alberta. Under the Canadian constitution, Alberta has control of resources within its boundaries, while the federal Government has control over inter-provincial trade, a constitutional arrangement that has left oil prices to bargaining between the federal and provincial governments since the sharp price increases by the Organisation of Petroleum Exporting Countries in 1973.

However, despite a history of difficult negotiations, this is the first time the two have reached an impasse. One reason for the bitterness is that Mr. Lougheed was within days of signing an agreement with the former Conservative Government of Mr. Joe Clark when it was defeated in the House of Commons.

In the subsequent election, Mr. Trudeau promised that he would get a better deal from Alberta than Mr. Clark. While Alberta has made some concessions in the current negotiations, Mr. Lougheed feels he has gone as far as he can without losing face.

Ottawa also wants to get a higher share of tax revenue from oil than the 10 per cent of price increases it gets under the current tax regime. To do so, it may impose an export tax on natural gas, a move strenuously opposed by Mr. Lougheed and the province of British Columbia, the other major natural gas producer.

The talks' failure also clouds the prospects for constitutional reform in Canada. While Mr. Trudeau is to meet the provincial premiers in Ottawa in September, in an attempt to rewrite and repatriate the Canadian constitution, Mr. Lougheed and the premiers of British Columbia and Saskatchewan are not likely to be co-operative unless the oil price issue is resolved.

David Buchan in Washington reports on the growing movement to find an alternative Democratic Presidential candidate

'Dump Carter' campaign starts to pick up steam

WHITE HOUSE writers have begun drafting President Jimmy Carter's speech accepting the Democratic Party's nomination as its presidential candidate at the party convention in New York in little more than two weeks. They are reasonably confident their work will not be wasted — and rightly so, because it would be a stunning political upset if Mr. Carter did not lead the party into battle against Mr. Ronald Reagan in the autumn.

But the eleventh-hour move by disgruntled Democrats to drop Mr. Carter from the ticket is gathering steam, as the bizarre revelations about his brother Billy's links with Libya trickle out daily, in advance of the Senate investigation into the affair, and the polls show the Democratic President and party behind the Republicans.

Several dozen Democratic congressmen met again yesterday to push for an "open convention" in New York which would allow the 3,331 delegates to reassess the changed political situation since they were chosen in primary elections and state caucuses stretching back to January and February, and to vote for whom they please.

Representative Don Edwards, the most senior of this group, said yesterday the prime aim was to prevent the "tyranny" of the rule proposed by Mr. Carter's campaign which would require delegates to vote on the first ballot for the presidential candidate whom they were originally chosen to support.

The aim, Mr. Edwards insists, is not to steal the nomination from Mr. Carter, who won nearly 2,000 delegates, nor to throw it to Senator Edward Kennedy, the President's only effective opponent in the primaries, who has the rest of the delegates.

Someone else

Most of those who want an "open convention" in fact want to drop both Mr. Carter and Mr. Kennedy in favour of "Someone Else"—a third person to heal the deep Carter/Kennedy breach in the party and lead the Democrats in harmony against the Republicans, now unified around Mr. Reagan.

Four names are being tossed around as filling this bill: Mr. Walter Mondale, the Vice-President, a likable, competent man who appeals to broad segments of the party but is already tied to the Carter ticket, Mr. Edmund Muskie, who has the same qualifications but is the Carter-appointed Secretary of State, Representative Morris Udall, a liberal of the Kennedy ilk but who is inhibited by the fact that he is the New York convention's keynote speaker, and Senator Henry Jackson.

Mr. Muskie (left) and Mr. Mondale . . . likeable and competent

Only the latter, a conservative from Washington State, is really in a position to do anything to abet his possible candidacy. A prominent Democratic Party fund raiser is now plotting a push for Senator Jackson, who contested the presidential race in 1972 and 1974, and who admitted yesterday that "all politicians appreciate flattery, and I am no exception."

For various reasons, all four are thus long shots. But there is nothing to stop their candidacies being promoted in New York. Only one delegate or state delegation is needed to put a candidate's name forward for nomination.

Not since 1952 has a Democratic nominee emerged who played no part in the primaries. In that year the party turned to Senator Adlai Stevenson, over the head of Senator Estes Kefauver who had swept the primaries.

Very late

Twelve years ago, Mr. Hubert Humphrey entered the primaries very late and won the nomination, in the extraordinary circumstances of President Lyndon Johnson renouncing his candidacy for a second term and the assassination of Senator Robert Kennedy.

The reason is that the increasing number of primaries has led to the vast majority of delegates arriving at conventions already committed to a candidate, as opposed to the old system where many were uncommitted.

The budding row about this year's convention is over the extent of delegates' commitment. Established Democratic Party practice is for candidates to select the men or women who stand on their behalf in primaries or caucuses. But Mr. Carter's campaign is now proposing a change in the rules (under which, for example, Mr. Carter won in 1976) so that delegates would have to stick by their candidate on the first ballot and, if that failed to produce a clear winner, then free them to vote for anyone they choose.

The self interest is manifest. With a big delegate majority for Mr. Carter going into the New York convention, he will have it locked up on that first ballot. They also argue that the rule change fairly supplements the spread of primaries in recent years. Mr. Kennedy's camp, on the other hand, claims it denies delegates any freedom of choice.

Both Mr. Carter and Mr. Kennedy are in the nomination fight to the end. Neither is going to step aside to let a third man emerge peacefully. Mr. Kennedy sees nothing but gain in growing support for his push for an "open convention"—if he does not win, he might play a key role in swinging his troops behind another candidate opposing Mr. Carter.

The President is not going to be talked into stepping down (in favour of Mr. Mondale, for instance) as Sir Anthony Eden was in Britain after the Suez crisis of 1956.

But the "Billygate" row is unquestionably damaging, despite the warning at the weekend by Mr. Jody Powell, the White House Press secretary, that all should beware of drawing premature conclusions. Mr. Billy Carter is arriving in Washington this week to be grilled by Senate investigators before the public inquiry opens, and no one at the White House quite knows what other gaffes the younger Carter may reveal.

Certainly, Mr. Carter has had bad luck with his family. Only over the weekend, a nephew was arrested for drunk driving and possession of marijuana, and many Americans have come to regard Mr. Carter as jinxed.

He may reasonably claim, if he is interviewed in person by the Senate committee, that his Administration's use of Mr. Billy Carter last November as a go-between with the Libyans showed poor judgment perhaps, but was done with the best intentions: to bring influence to bear on the Iranian regime (via Libya) to free the American diplomatic hostages in Tehran.

However, "good intentions, poor judgment" is how many Americans sum up Mr. Carter, who in last Friday's Harris poll was 28 points behind Mr. Reagan.

The label "Billygate" carries clear echoes of Watergate, and, in some ways, rightly. Mr. Carter's White House has made a conscious effort to publish all information as quickly as possible to avoid being accused of a cover-up. In its haste, it has omitted certain features, which the Press, smelling another political scandal, has since dug up.

Dragged down

More important has been the sentiment of many Democrats that they must not be dragged down by scandal as the Republicans were by Watergate. The core of those pushing for an open New York convention, even if that means dumping President Carter, are Congressmen — Tim Wirth, Michael Barnes, Thomas Downey, Jerome Ambro — elected as Democrats after Watergate. They then benefited from Mr. Nixon pulling the rug from under his own Republican Party, and do not intend to have promising political careers cut short by the same thing happening to them.

Slowdown seen in energy use

By David Lascelles in New York

A SHARP slowdown in the growth of world oil use and a parallel levelling in the rise in oil prices are seen in the latest world energy forecast put out by the U.S. Department of Energy.

The report is the first since the explosion of oil prices last year, and lays out the U.S. Government's view of the energy scene for the rest of this century and beyond.

The report expects that total world oil use will remain at or around its 1978 level of 50.3m barrels a day (b/d) for the first half of the 1980s, with a high of 51.2m b/d and a low of 47m b/d in 1985. After that it will rise to between 51.3m b/d and 57m b/d in 1990, and to between 56.3m b/d and 66.4m b/d in 1995.

This is approximately in line with oil industry projections. For instance, Exxon, in its 1980 world energy outlook published in March, forecast world oil demand of 60m b/d in 1990, and 65m b/d in 2000.

The Energy Department also expects U.S. oil consumption to ease off, resulting in a decline in U.S. oil imports, currently the largest single factor on the world oil market. Net oil imports, which will be just under 7m b/d this year, could fall to 5.9m b/d by 1985, though they will probably level out after that.

In its report, Exxon forecast that oil imports could fall to the 5.5m b/d range by the 1990's, but only provided the U.S. succeeds in establishing a 6m b/d synthetic fuel industry.

The Energy Department concludes that the easing in world oil demand will produce a far slower increase in real oil prices in the 1980s than in the 1970s. By 1990, it forecasts, oil could be in the range of $27 to $44 a barrel, with $37 a likely average, expressed in 1979 dollars. This is only a few dollars above the current market price.

U.S. productivity falls 4.1% in quarter

BY OUR WASHINGTON CORRESPONDENT

PRODUCTIVITY in the U.S. fell at an annual rate of 4.1 per cent during the April-June quarter this year, the Government reported yesterday. It was the largest quarterly decline since a drop of 4.7 per cent in the second quarter of 1974, during the last economic recession.

Though the Administration has expressed concern about the country's long-term decline in productivity—the measurement of output per hour worked—the last quarter's dramatic decline is clearly a reflection of the sharp drop in the same period in Gross National Product, a fall of 9.1 per cent at an annual rate.

The April-June productivity rate did not fall quite as sharply as the decline in GNP because during the same period unemployment rose abruptly to a level of 7.7 per cent in June.

The 4.1 per cent annual drop during the 1980 second quarter was for the non-farm business sector, measurement that is closely watched by economists because it excludes the fluctuations in farm output.

The long-term drop in U.S. productivity remains a mystery to many economists, though some have blamed increased environmental health and safety regulations in recent years as pushing up industry's costs with-

David Lascelles adds from New York: Orders for machine tools, an important economic barometer, are holding up quite well, judging by the latest figures compiled by the National Machine Tool Builders' Association. But there are some signs of weakness.

New orders expressed in dollars rose 5.3 per cent between May and June, and the June figure was 8.1 per cent up on the same month last year. However, in real terms there was probably a fall given that inflation has been running at over 10 per cent. Longer term trends also show that orders have been weaker this year than they were in the opening months of last year.

The outlook will clearly depend on business perceptions about the recession, and the amount of spending planned. The recent decline in interest rates and the growing feeling that the recession may be past the worst could give an impulse to spending.

There is also a steady flow of orders from the car and aviation industries, which are tooling up for new generations of cars and aircraft.

However, declining profitability and low operating rates may cause businesses to put off capital spending until the economy gives firmer signals that the

WORLD TRADE NEWS

BRITAIN'S LEADING EXPORTERS

BP leads; three companies top £1bn

BY GEOFFREY OWEN

BRITISH PETROLEUM was again the UK's largest exporter in 1979, but ICI moved up to win second place, followed by Ford and BL.

BP's figure of £1,326m consisted of oil and chemical products exported from the UK: the contribution to the balance of payments arising from its North Sea activities was £1.650m.

BL can fairly claim to be a larger net contributor to the balance of payments than Ford or ICI since the import content in its sales is small. ICI's net contribution, after allowing for direct imports of £516m, was £592m, while Ford was in net deficit last year, mainly because of the unusually high volume of its vehicle imports.

The gap which separates the top four from their pursuers has narrowed. GEC, whose exports used to be about half those of BL, is not far from catching up: in the year to March 1980 its exports rose to £805m.

This is the eighth year in which the Financial Times has published its annual league table of exporters. The figures refer to direct exports of manufactured goods, as stated in annual reports or obtained from the companies. Except where otherwise stated, the figures relate to the financial year which ended in 1979.

Fluctuations between one year and the next are not necessarily significant. The performance of capital goods producers, in particular, is affected by the timing of contract completions. Partly for this reason Davy Corporation has changed its method of reporting turnover to take into account both the value of contracts closed and the movement in work in progress during the year. 1978 figure shown in the table is based only on contracts closed and so is not comparable with 1979.

Lonrho fills 100th position in this year's list, followed by Gestetner on £53.5m. There is a cluster of companies in the £48m-£52m range. These include Smiths Industries, Berec, Illingworth Morris, Polaroid, Tilling, Cadbury Schweppes, Laird Group, Ingersoll Rand, Boots and Rank.

Among the companies which have made substantial progress up the table since 1972 are Racal, Fisons, Ciba Geigy, Rothmans International, Babcock and Wellcome Foundation. Companies which have slipped off the list include Sears Holdings, Singer and Hoover, while others which have moved well down include BSR, Decca, Coats Patons and Tootal. EMI, which climbed from 96th position to 27th between 1974 and 1977, was back to 95th in 1979.

As stated in previous years, it is almost impossible in a list of this kind to avoid some errors and omissions. It is hoped that these will be brought to our attention by the companies concerned.

THE TOP HUNDRED EXPORTERS—1979

Previous year's ranking is given in brackets

	1979 £m	1978 £m
1 (1) Brit. Petroleum	1,326	1,259
2 (3) ICI	1,108	856
3 (4) Ford	1,010	775
4 (2) BL	865	910
5 (5) GEC	751	665
6 (6) British Steel	627	654
7 (7) British Aerospace	576	487
8 (9) Royal Dutch Shell	561	423
9 (14) IBM	433	334
10 (10) Courtaulds	425	388
11 (8) Unilever	392	468
12 (20) Esso Petroleum	374	207
13 (11) Massey Ferguson	351	364
14 (13) Rolls-Royce	348	341
15 (27) Conoco	342	153
16 (15) Distillers	333	300
17 (12) Hawker Siddeley	314	361
18 (16) Tube Investments	240	230
19 (69) Davy	223*	73.0
20 (24) Rothmans Intl.	217	168
21 (22) GKN	216	193
22 (23) BAT Industries	210†	175
23 (17) Vauxhall	209	229
24 (18) Brit. Shipbuilders	205	228
25 (26) Lucas	191.4	155
26 (31) Inco Europe	190.9	140
27 (21) BICC	190	196
28 (25) Philips	177.0	167
29 (32) Rank Xerox	176.8	136
30 (37) Johnson Matthey	174	116
31 (29) Dunlop Holdings	155	152
32 (28) Babcock Intl.	151	153
33 (33) Ciba Geigy	148	128
34 (30) Caterpillar	135	144
35 (35) Glaxo	133	124
36 (34) Thorn	128.1	124
37 (58) Simon Engineering	127.8	83.3
38 (50) Intl. Harvester	122	90
39 (19) Talbot	121	209
40 (43) John Brown	118.1	97.1
41 (44) RTZ	117.7	95.2
42 (42) IMI	117	102
43 (53) Cummins	116	87.7
44 (47) Eng. China Clays	114.1	93.5
45 (40) Turner & Newall	113.743	109
46 (36) Plessey	113.738	120
47 (38) NEI	112.0	115
48 (49) ICL	111.5	92.4
49 (46) Kodak	108	94.0
50 (63) Mobil	106	79.9
51 (51) Racal	99.3‡	89.1
52 (62) Associated Octel	96.3	80.7
53 (54) Wellcome Fndtn.	96.0	87.2
54 (56) Michelin	93.2	85.0
55 (59) Beecham	90.0	82.5
56 (61) Gulf Oil	89.4	81.9
57 (89) Esso Chemical	88.42	58.2
58 (67) Seagram	88.35	74.8
59 (60) Stone Platt	88.3	82.3
60 (70) Burmah	88.1	72.1
61 (65) S. Pearson	87.4	76.7
62 (57) Reed Intl.	87.24	84.6
63 (55) Acrow	87.23	87.1
64 (52) Albright & Wilson	87.0	89.0
65 (64) De La Rue	82.2	77.7
66 (74) Monsanto	80.5	67.0
67 (76) Du Pont	77.89	66.3
68 (41) Texaco	77.88	105
69 (—) STC*	77.3	84.5
70 (75) BOC International	76.4	66.5
71 (80) Vickers	75.6	62.9
72 (68) Fisons	74.7	73.3
73 (78) Booker McConnell	73.6	64.2
74 (85) Imperial Group	71.7	61.0
75 (79) Metal Box	69.5‡	63.4
76 (71) Blue Circle Ind.	69.4	69.6
77 (72) Delta Metal	69.1	68.6
78 (82) D. Brown Tractors	68.8	61.8
79 (77) Grand Metropolitan	68.1	65.5
80 (—) Allied Breweries	68.0	38.8
81 (100) Borg Warner	66.37	50.7
82 (86) Rolls-Royce Motors	66.35	60.3
83 (48) Weir	65.4	93.4
84 (83) J. C. Bamford	64.8	61.6
85 (73) Tate and Lyle	64.2	67.1
86 (81) Coats Patons	63.41	62.7
87 (84) Rowntree Mack'tosh	63.37	61.3
88 (99) Dowty	62.1	50.9
89 (90) Molins	61.987	57.9
90 (95) Assoc. Engineering	61.985	54.1
91 (87) Pilkington	61.3	60.0
92 (92) Alcan UK	60.4	56.7
93 (91) Guinness	59.4	57.8
94 (88) Decca	58.6	59.4
95 (45) EMI	57.5	94.4
96 (96) Tootal	56.8'	53.7
97 (—) BTR	55.6	39.5
98 (94) Westland	55.1	54.7
99 (66) BSR	53.9	75.5
100 (—) Lonrho	53.6	30.3

* Not comparable with 1978 (see text). † 12 month rate based on £263m for 15 months ended December 31, 1979. ‡ Calendar year. · Year ending January 31, 1980.

Carrington visits Latin America

By Richard House

BRITAIN'S Foreign Secretary, Lord Carrington, tonight begins a 10-day tour of Latin American countries intended to strengthen Britain's political and commercial ties with Brazil, Barbados, Venezuela and Mexico.

Lord Carrington's talks with Government leaders in the four countries are expected to concentrate on political issues, while an accompanying group of British businessmen led by Lord Limerick, the Chairman of the British Overseas Trade Board, will develop commercial interests.

Lord Carrington's visit begins in the north eastern Brazilian city of Recife, and in Brazilia he will meet President Joao Figueiredo, and Foreign Minister Ramiro Sarriya Guerreire.

Britain signed a memorandum pledging co-operation on bi-lateral and international issues with Brazil in 1975, and the British delegation is expected to express continued interest in Brazil's development.

As well as visiting an irrigation project in the drought-prone Pernambuso State, the Foreign Secretary will visit the $3.5bn (£1.46m) Acominas Iron and Steel project in Minas Gerias, one of Britain's main contributions to Brazilian development. The plant, for which Britain has supplied finance and equipment, is expected to go into operation next year. However, severe cuts in Brazil's public spending mean that the Acominas building schedule has been slowed down. Amongst those in Lord Carrington's party who will be concerned with the progress of the project are representatives of Davy Ashmore, the project managers.

Lord Carrington's group will leave for Barbados on August 2, where his talks in Bridgetown are expected to be dominated by the question of independence for Belize, Britain's remaining colony in the American continent. Barbados is among the countries backing the Belize claim for full sovereignty.

The final leg of Lord Carrington's tour is Mexico, which was also visited last month by the Industry Secretary Sir Keith Joseph. Britain currently supplies about 2.5 per cent of Mexico's import needs.

Lord Carrington's visit comes at a time of increased diplomatic activity in the region, with visits by senior British diplomats to Argentina, Peru, Columbia, Ecuador and Bolivia. Last week, Britain announced that the ban on arms sales to Chile would be lifted.

Bid to increase UK fabric exports to Hong Kong

BY RHYS DAVID

BRITAIN'S textile manufacturers are to try and increase their sales of fabric to Hong Kong, the world's leading exporter of clothing and by far the biggest supplier to the UK market.

A team from the UK industry led by Mr. Cecil Parkinson, a minister at the Department of Trade, will leave for Hong Kong this autumn and it is also hoped to stage an exhibition of UK products in Hong Kong.

The mission comes in the wake of strong hints from Hong Kong that the UK industry with its serious concern over the impact of imports may be missing out on significant opportunities in a fast-growing market. The UK Government which is under strong pressure from the textile industry to tighten controls on imports, has itself been trying to identify new markets to which the British industry could step up exports.

In order to meet production capacity in its clothing factories, Hong Kong has become the world's largest net importer of textiles after the Soviet Union. In 1979 textile imports at £1bn were equivalent to roughly one-eighth of the territory's total imports bill. Exports of clothing reached £2bn and of textiles £370m.

Some 84 per cent of Hong Kong's textile imports are supplied by five Asian countries: China and Japan, each with around one-quarter of the market.

Britain's share of the Hong Kong market last year was 1.8 per cent, compared with 2.5 per cent for the U.S., 1.4 per cent for Germany, and 1.8 per cent for Italy, Mr. Denis Bray, the Hong Kong Commissioner in London, pointed out. The UK performance was attributable to woollen fabrics — where Britain has 15 per cent of the Hong Kong market — and that in other product categories the UK was outranked by the U.S., Canada, Germany, Italy and France.

Areas where Britain could make a bigger impact include shirting materials—and fashion fabrics, a market almost entirely supplied at present by Japan. Britain could also be selling woollen yarn and far greater quantities of woollen fabrics.

Australia in China sugar deal

BY PATRICIA NEWBY IN CANBERRA

AUSTRALIA and China have finalised their first long-term sugar agreement.

The contract between China National Cereals, Oils and Foodstuffs Import and Export Corporation and CSR, the marketing agent for the Queensland Government, involves the sale of 250,000 tonnes of sugar each year for three years starting in 1981.

China joins Japan, Malaysia, South Korea, Singapore and New Zealand as a long-term contract customer for Australian sugar.

Australia now has long-term export contracts running to 1984 totalling more than 4.7m tonnes of sugar.

The finalising of the China contract will provide a further fillip to the sugar industry which has doubled its income in the past year and last week was given approval to increase the amount of land under sugar cane by 5 per cent. China has been an important market for Australian sugar since 1972 with average sales over the past five years of 200,000 tonnes a year.

Taiwan eases European car ban

TAIPEI — Taiwan will lift an import ban on European cars with engines of below 3,000 cc effective from August 1, the Board of Foreign Trade announced.

The decision to remove the ban on these imports, which include station wagons and utility vehicles, is part of the Government's effort to narrow the trade imbalance with Europe, a board spokesman said.

In the first half this year, Taiwan had a trade surplus of $607m with Europe. The spokesman said the import of these cars from Europe will not be limited. In addition, cars built by European-owned plants in the U.S. will also enjoy the same treatment.

Taiwan lifted an import ban on U.S. cars three years ago but still bans the import of Japanese cars because Taiwan has a large trade deficit with Japan.

The outlet, operated through Toyota's Kuwaiti import agent is the company's first car leasing business in the Middle East. It is geared to lease 50 cars a month, primarily to visiting businessmen on a weekly or monthly basis.

Company officials also disclosed that Toyota will establish a car rental outlet in Thailand towards the end of this year. The Thailand operation will be the company's fourth car leasing business in Southeast Asia. Agencies

Pao restructures tanker fleet

BY WILLIAM HALL, SHIPPING CORRESPONDENT

SIR Y. K. PAO, reputedly the world's largest independent shipowner, is undertaking a major restructuring of his shipping fleet. Over the next couple of years 51 ships totalling 3.0m dwt and worth over $1bn will be delivered to his World-Wide Shipping group.

The Hong Kong group controls the world's largest independent fleet of very large crude carriers (VLCCs)—50 ships of 12.6m dwt. However, all of the new ships are either small tankers or bulk carriers. Once the new building programme is completed the profile of World-Wide's fleet will have changed dramatically.

Sir Y. K. Pao almost certainly has a greater tonnage of shipping on order than any other independent shipowner. Some 85 per cent of the new ships have been fixed on medium-term charter, and negotiations are in progress concerning the balance.

The World-Wide fleet currently consists of 202 vessels aggregating some 20m dwt. The new ships on order are 19 bulk carriers of 1.1m dwt, 11 ore/bulk carriers (0.8m dwt), 4 log/bulk carriers (0.1m dwt), 11 tankers (0.9m dwt) and 4 product carriers (0.2m dwt).

The ships range in size from a 23,900 dwt bulkers to a 189,000 dwt ore/bulk carriers.

British Gas market policy attacked by Monopolies report

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

WIDE-RANGING criticisms of the British Gas Corporation's monopoly in the sale of domestic gas appliances are made in a report by the Monopolies and Mergers Commission out today.

The criticisms could encourage the Government to hive off more than 900 showrooms operated by British Gas in an attempt to improve price competition for gas cookers and water and space heaters.

The report was requested by the Office of Fair Trading two and a-half years ago to determine whether the marketing of gas appliances operated against the public interest.

British Gas is believed to account for at least 95 per cent of gas cookers sold in the UK, some 84 per cent of space heaters such as gaa fires, and 78 per cent of water heaters. However, British Gas has only just under a third of the market for gaa central heating systems.

The Monopolies Commission is understood to have been particularly concerned at the lack of price competition for gas appliances, especially for gas appliances are usually sold in British Gas showrooms at or around the retail price recommended by manufacturers.

This is in sharp contrast to the electrical appliance market where price discounts can be as much as 40 per cent below the recommended retail price. Electricity Board showrooms do not have anything like the same degree of market dominance as the gas showroms.

British Gas has more than 900 showrooms and a further 250 authorised dealers who were appointed mainly before British Gas was set up. These dealers operate in the same way as the showrooms, except that they are independently owned and managed. However, since they depend on British Gas for supplies, they are not generally considered as real competitors.

Otherwise, there are few retail outlets apart from some department stores and discount shopa, such as Comet, which provide any real competition. In some areas there are no alternative sources for buying gas appliances.

Factory deals will bring new jobs to South Wales

BY ROBIN REEVES, WELSH CORRESPONDENT

TWO ADVANCE factory construction deals with the private sector worth £9.5m aimad at attracting new jobs for steelworkers made redundant at Port Talbot and Llanwern, have been announced by the Welsh Development Agency.

The Norwich Union Insurance Group, bas agreed in principle to a £5.5m sale and leaseback arrangement with the WDA for 240,000 sq ft of new factory space at Bridgend, South Wales.

The other project is the agency's first "turnkey" venture. It is buying a 16-acre site on the Newport industrial estate from Wimpey Construction and placing a £4m contract with the company to provide 184,000 sq ft of factory space. The factories will he suitable for subsequent sale as investments to financial institutions.

The two deals reflect the Government's wish to involve the private sector more closely in financing agency activities. The WDA ia the Welsh equivalent of the National Enterprise Board.

Last week the WDA announced that CIN Properties, the miners' pension fund property arm, bad agreed to invest £3m in building advance factories at selected sites in Wales.

Under the agreement with Norwich Union, the WDA will finance the construction costs of 13-factory units, ranging from 8,000 sq ft to 20,000 sq ft, on the Waterton Estate, close to Ford's new European engine plant. They will also finance 25 smaller units between 1,500 sq ft and 4,500 sq ft on the well-established Bridgend Industrial Estate.

The funds released by these sales will be used to finance further factory building in the Port Talbot area.

Plaid Cymru calls for Welsh economic plan

A RENEWED call for a Welsh economic plan and the strengthening and streamlining of agencies involved in industrial development and manpower in Wales was made yesterday by Plaid Cymru, the Welsh Nationalist Party, writes Robin Reeves.

In a memorandum on the Commons Welsh Affairs Select Committee investigation into job prospects in Wales, whose findings are due to be pnblished on Thursday, Plaid Cymru says the evidence bas made it clear that without a drastic change in attitude towards public expenditure, Wales faces a massive recession.

It suggests that on present policies a Lloyds Bank review projection of 27.2 per cent unemployment in the region by 1991 is more and more likely.

Besides calling for the setting up of a Welsh National Economic Commission with the power and resources to draw up and implement an economic plan, Plaid Cymru argues there is a need for streamlined industrial development advice and co-ordination services.

At the moment a manufacturing unit setting up in Wales could find itself confronted with a plethora of bodies.

Plaid Cymru criticises the scope and depth of the committee's investigations and some of the evidence. But it is complimentary about the chairmanship of Mr. Leo Abse, Labour MP for Pontypool. He performed his task with "admirable skill and thoroughness."

Crude yardstick on local spending 'misleading'

BY ROBIN PAULEY

ATTEMPTS by the Government to create a standard system for evaluating local government expenditure needs are doomed because the UK has 10 different systems of local government, says a research report published today.

"A crude direct comparison between expenditure per head on specific services or aggregate expenditure is misleading. It would be based on the assumption that categories of expenditure have a uniform significance throughout the UK. This is not the case," says Edward Page, of the Centre for the Study of Public Policy, University of Strathclyde.

These problems of comparison have become fundamental to Parliament which is asked by the Government to approve "standard" measures of need and provision, thus identifying local authorities that are judged to be "overspending."

There are five different local government systems in Eogland. The greater London area has three different divisions of functions and powers, and three are different systems of local government in English metropolitan and non-metropolitan areas. In Scotland, there are three systems and one each in Walea and Northern Ireland. Within each sysetm, powers can be further sub-divided on a two-tier basis.

In public expenditure terms, the amount of rate fund expenditure per head varies from £379 in the Scottish islands and £360 in inner London, down to £228 in English non-metropolitan areas and £24 in Northern Ireland.

Differences in housing expenditure are similarly variable in the different local government systems. It is highest in inner London (£149) and outer London (£85), and nil in Northern Ireland where housing is among the functions which have been taken away from local authorities (others being education, libraries and social work).

The report suggests that, restricting an examination to England and Wales, only seven out of 17 categories of expenditure are even broadly comparable. They are fire, police, refuse collection, environmental health, cemeteries, general administration and rate fund support for passenger transport.

By using a statistical technique for standardising expenditure patterns and social characteristics, Mr. Page has found that throughout the UK authorities receiving greater grants from government—usually areas of high social need—also tend to raise more money on the rates. This confirms that grant is not usually used to keep rate levels down but to finance higher levels of local expenditure.

Labour authorities are shown to be likely to raise rates beyond the level indicated by measurement of needs.

Local authorities in Wales provide an interesting contrast. Councils in Wales receiving higher central government grants tend to cut the rates.

Anthony Moreton begins a light-hearted journey around an England facing the worst depression since the thirties. A Norwich Christmas cracker factory is his first stop—and even the cracker makers have their problems. Tomorrow: Cromer.

The hidden costs of the Christmas cracker trade

THE ROAD from London to Norwich passes through aome of the richest farmland and some of the most beautiful countryside in England.

It meanders past Cambridge and Newmarket and then through market towns such as Thetford and Wymondham. Slight detours will take you to Diss, Dereham or Bury St. Edmunds.

The Anglo-Saxon traces are everywhere, and not only in the names. Flintstone churches manage to keep their churchyards neat and tidy. There are notices everywhere offering raspberries, peas, lettuces, cucumbers, eggs, fruit and flowers. The sale of garden produce is well cultivated—indeed, it has become almost a eottage industry.

It is difficult to visualise, as the villages glide past, that unemployment in Britain ia heading for two million, short-time working is increasing, interest rates are at historically high levels and the worst recession since the war is upon us.

As the lady in Guishorough, further north in Cleveland, was to tell me: "The recession is here, and now. You can see it on the street outside my door."

Norwich would not, therefore, be the best starting point for a journey round England if its only raison d'etre was to find people and firms who are living on their nerves—theirs or their bank manager'a.

But it is a good point to start because it exhibits the aalient factor about working life today: if you are out of work life is difficult, if you are out of work and without a technical skill it is very difficult. If you are in work your standard of living will almost certainly be higher than ever.

But even in work the pressures are there and they bear just as heavily on the manager as on the shopfloor worker. One man who knows all about those pressures is Gordon Pennington.

JOURNEY ROUND ENGLAND

For the past 13 years Mr. Pennington has been managing director of Tom Smith Ltd. and during those years the world has beaten a path to his front door. His firm is a world leader. It makes micro-chips or some advanced technical wizardry? No, Tom Smith makes Christmas crackers.

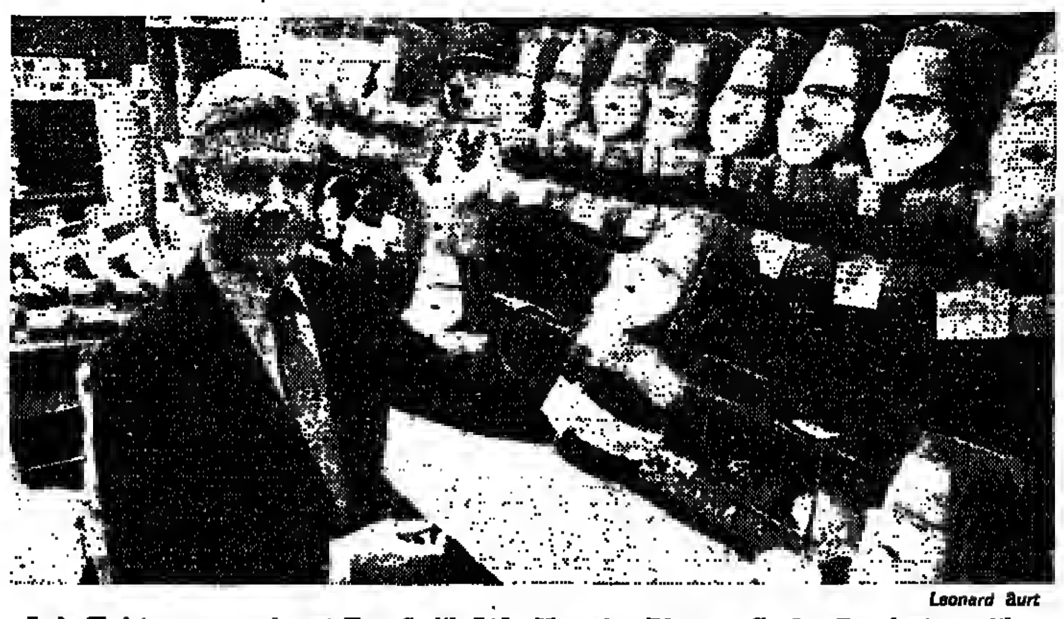
The British invented Christmas crackers which, like cricket, followed the flag as the Empire was built. But there are other nationalities, like the Germans who have many festivals, and the French who buy crackers in large numbers, thus there are many languages that find their way to the Tom Smith factory on the Salhouse Road.

Gordon Pennington and his works director, David Oates, know all about the recession because it is costing them a lot of money. They make *about* 45m crackers a *year*, almost half those produced in Britain.

Unfortunately for them, crackers are almost entirely aold on the retail market within a couple of weeks of Christmas. So they have to carry ateadily mounting stock throughout the year, and with bigh intereat rates throughout the winter, this proved very costly.

"We made our plans last year on the assumption that high interest rates would last until February," Mr. Pennington says. "We thought they would then be moving down. But they didn't, and the cost of the high rates will just have to come out of profits.

"We have tried to find savings within the company rather than pass cost increases on. So we took a bard look at tha claims for our cash and held hack on aome items."



Leonard Burt

It is Christmas every day at Tom Smith Ltd. Managing Director, Gordon Pennington, with a stock of snow novelties

One of the items the company held back on was the introduction of new machinery. So in future yeara Tom Smith Ltd. will not be quite as afficient as it would want to ha

Tom Smith Ltd. starts making crackers for Christmas in the October of the previous year. A discount is offered to anyone buying in July, hut the big aelling months is September, when 60 per cent of stock is shifted. By the end of October the wholesalers will have all hut completed their purchases and another prodnction cycle will begin.

Pennington has tried to lengthen the selling aeason, hut the shops are unwilling to allocate shelf space for crackers at any time other than the Christmaa run-in. "There is nothing especially 'Christmas' about the cracker," says David Oates, "except that they are inextricahly linked in the public's imagination.

"We could sell them for lots of other festive occasions, as they do on the Continent. But we can't get this idea past the middleman."

Although the Christmas cracker is a British invention, we copied an idea from the French who, in the 1840a used to wrap sugared almonds with love mottoes and put them on side-plates for festive occasions. Tom Smith, a London confectioner, saw the gifts and brought them back

Like many ideas, it failed to cross the Channel. Somehow, according to Mr. Pennington, the British did not take to covered almonds. However, somewbere along the lina Tom Smith covered the almond with brown crêpa paper and fashioned it in the shape of a yule log. The Victorians took to that.

Their "halief" in this new product took off even more when the snap, or hang, was introduced around 1860. The *Christmas "cracker"* was born and Tom Smith aod his company never looked hack.

About the same time the almond filling was replaced hy a charm—some of the early ones came from Japan—and the love notes bad become the mottoes which we know today.

Contrary to popular view, the mottoes do not change all that much. There are ahout 72 of them and the company uses 24 each year. "We rarely add to them," David Oates says, "although people continnally send new ones in to us. We have to be very careful with the wording and the meaning, so careful that we have a committee looking at them continually. We have to exclude all Irish jokes and those which refer to mothers-in-law. Jews, hlacks. Topical jokes are out, too, for obvious reasons."

Channel ferry facilities to double

By William Hall, Shipping Correspondent

PORTSMOUTH IS plaoning to spend £11m doubling the size of its cross-Channel ferry facilities. The expansion is expected to divert considerahle traffic from Southampton.

The port, owned by the City of Portsmouth District Council, opened a roll-on/roll-off (ro-ro) ferry berth in 1976 and added a second berth a couple of years later. It now plans to add another two ferry berths by 1983.

At present. three ferry operators, Sealink, Townsend Thoresen and Brittany ferries operate from Portsmouth. Sealink operates to the Channel Isles aod the other two to the Continent.

Since Portsmouth entered the ferry business, traffic has grown rapidly. Last year it handled 800,000 passengers. 21,112 freight units and 136,727 vehicle units (mostly accompanied cars). In the current year, passenger traffic is expected to expand by 50 per cent to 1¼m.

Last year, six ships a day were entering the port. The number has now risen to nine a day, and is beginning to put presaure on the two linkspans. Portsmouth hopes to operate an extra temporary linkspan by 1982.

Portsmouth's big advantaee over Southampton is that it is roughly an hour closer to the Continent and has a motorway, the M275, which runs right to the port.

Aside from the savings in time and ferry fuel costs, Portsmouth has another attraction in that it is a non-registered port for dockwork purposes. All the stevedoring is done hy private companies, and the port only employs a staff of 56. Last year, it made a profit of £400,000.

Townsend Thoreseo and Brittany ferrles are understood to have guaranteed their future usage of the new berths which will help Portsmouth to raise the necessary finance.

The two operators are being given priority rather than exclusive use of the new herths.

Another French ferry operator is believed to he interested in starting a service lntn Portsmouth.

Across the channel in France, the port of Caen is planning to spend £3.7m to enter the cross channel ferry trades.

● The number of passengers passing through Dover during June rose by 13 per cent to 1.1m. Accompanied vehicle traffic was up by 4.7 per cent at 137,000.

However, road haulage traffic was 3.6 per cent down at 42,782 units and other ro-ro freight was 26 per cent down at 7,403 units.

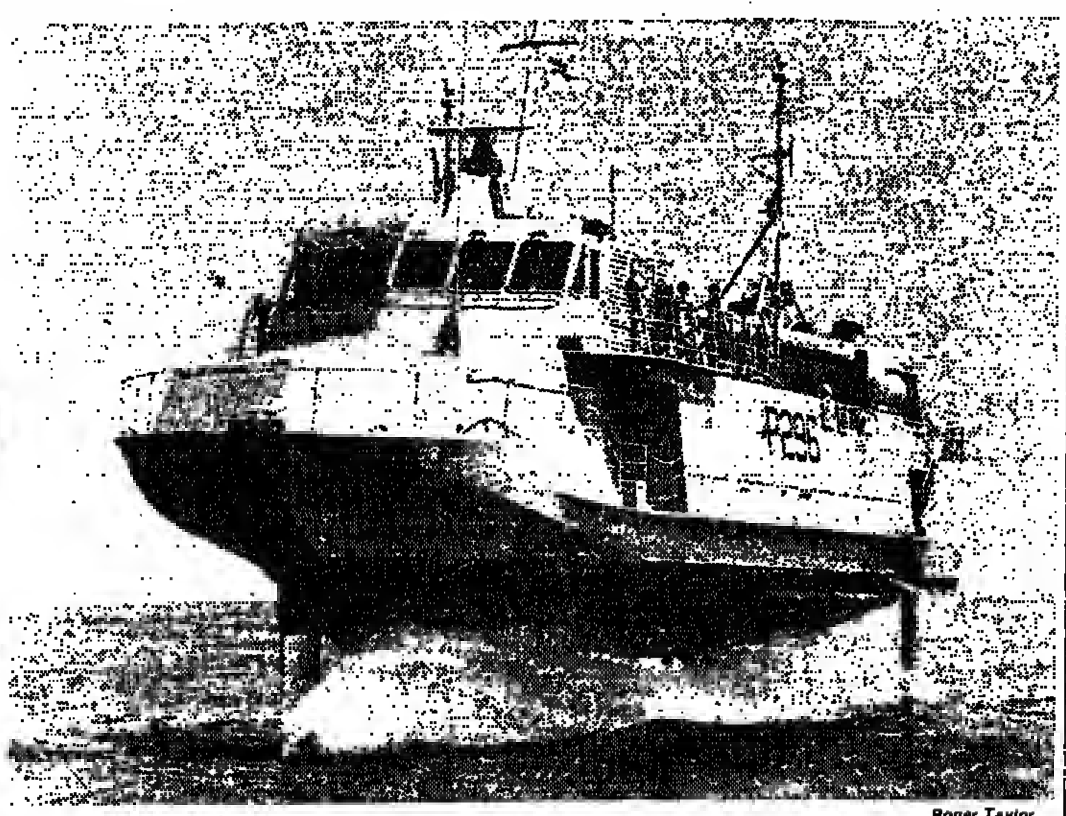
Old newspapers for £8,195

By Antony Thorncroft

W. H. SMITH sold bundles of old newspapers at Sotheby's yesterday for a total of £8,195.

"The heads of several proceedings in this preseut Parliament," the first Englisb newspaper concerned with home news, ahout the 1641 Parliament, sold for £220 to Heron, a dealer, who paid the same sum for "The Diurnall," published a little later in 1641.

Top price in the printed book sale was £2,200 for 67 plates of boxers of 1825.



Roger Taylor

HMS Speedy, the Royal Navy's first hydrofoil, undergoing trials and crew training at Portsmouth. The vessel was built by Boeing Marine Systems of Seattle and was fitted out for the Navy by Vosper Thorneycroft. Her complement will be four officers and 13 men.

Stockbroker withdraws appeal in High Court

BY CHRISTINE MOIR

MR. TOM SCRASE, senior partner of stockbrokers Gittins and Co., is to be suspended from trading on the stock market for one month unless he successfully appeals for clemency to the Stock Exchange Council.

The suspension was recommended by the Stock Exchange's Disciplinary Appeals Committee last July hut was held over while Mr. Scrase prepared to take tbe Council to court in an attempt to overturn the decision.

Yesterday in the High Court, hefore Lord Justice Donaldson and Mr. Justice Mustill, Mr. Scrase withdrew bis appeal.

Instead he agreed to a form of wordiog in which the Stock Exchange made it clear that the suspension related to his responsibility as senior partner of a member firm for actions not carried out by him or with his knowledge.

The disciplinary committee's investigation into Gittins last year formed part of a study of alleged irregular share dealings involving "put-throughs"—deals where buyer and seller are pre-arranged.

In some cases involving Harvard Securities, a firm of licensed dealers, stamp duty had not heen paid on the transactions. In one instance Harvard laid the blame for that omission on its stockbrokers, Gittins.

The disciplinary committee, supported by the appeals committee, found the charges proved but yesterday agreed that its statement should make clear that the omission was made by an employee of Gittins and not by Mr. Scrase or with his knowledge.

The decision to suspend Mr. Scrase from trading because of his overall responsibility as senior and administrative partner will now be enforced unless Mr. Scrase successfully appeals, under Stock Exchange procedures, for clemency.

Temporary ban on banking name

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A TEMPORARY ban stopping Interbank, an Antiguan hanking company, operatiog under that name in the UK was imposed in the High Court yesterday.

An injunction until trial of a pending passing-off action against Interbank was graoted to the Americao Interbank Card Association, which co-ordinates acceptance of credit cards, and its English associate, Joint Credit Card Company, which operates the Access card in the UK under licence from the Interhank Card Association.

Sir Robert Megarry, the Vice-Chancellor said Interbank was associated with Kendal and Dent, the "silver hank" compulsorily wound-up last year on a Department of Trade petition presented "in the public interest."

It was arguable that if Interbank continued to use that oame, the American Interbank Card Association and the Joint Credit Card Company would become associated with the ill-repute of Kendal and Dent, said the judge.

Interbank had been incorporated in Antigua as Kendal & Dent Silver Bank in February last year. Shortly afterwards the petition to wind up Kendal & Dent was presented. Between then and the making of the windiog-up order. Interhaok changed to its present name.

Sir Robert said the judge who made tbe winding-up order had said that the picture of Kendal & Dent was one of dishonest trading and that the public bad to be protected.

Interbank had one office in London. It had applied to have its name registered at the English companies' registry and asked the Bank of England to grant it a licence to accept deposits. No decisions had yet been oiade on those applications.

Interhank's husiness appeared to be hanking, including operating silver and gold current accounts. Its cheques were in the name of Kendal & Dent Silver Bank. Three people who had been directors of Kendal & Dent, including a Mr. Perestrello, appeared to hold some kind of positions in Interbank.

The judge said the word "Interbank" had for ten years been part of the logo whicb was a distinctive feature of American Interhank Card Association and the Joint Credit Card Company's credit cards, which were widely used and recognised.

There was evidence that the word had become distinctive of their business, services and goods.

It was impossible to say that the public could not be coofused into thinking that Interbank's busioess was something to do with that of ICA and JCCC.

The judge said that as Interbank bad not yet been given permission to trade uoder that name in the UK, a temporary injunction would merely delay a process of chaoge the company had not yet completed.

Optimism on Scotch sales

THE DIFFICULTY the Scotch Whisky industry is experiencing in exporting to the U.S. was described yesterday as a "temporary setback."

Mr. Ian Coombs, chairman of the Scotch Whisky Association's Information committee, said he believed the industry would be back on tha path of modest growth "before too long."

The industry had made efforts to develop other markets besides the U.S.

Scotch whisky exports in the first half of 1980 were worth £348m, an increase of 3 per cent in volume and 12½ per cent in value over the comparable period in 1979. Whisky exports to the U.S. started improving in June.

Cadbury confident of voting advantage

BY ARTHUR SANDLES

MR. PETER CADBURY is driving home his voting ahare advantage in the Westward Television boardroom row hy seeking High Court aid in forcing an immediate extra-ordinary shareholders' meeting of the company rather than waiting for the anti-Cadbury board majority to choose its own time.

The meeting ts being called as part of Mr. Cadbury's attempt to regain the chairmanship of Westward. He was removed from this office a little over two weeks ago in a boardroom coup.

Mr. Cadbury dismissed suggestfons that the powers of attorney he holds for more than 50 per cent of the Westward votes were not watertight. He said that most of them had been signed in the presence of tndependent solicitors "who explained their effect so there could he no misunderstanding."

The move, according to Mr. Cadbury, gives him the use of the votes for six months for the purposes of restructuring the board and particularly for removing Lord Harris of Greenwich, a former Labour hroadcasting minister, from his position as chairman of Westward.

Mr. Cadbury said: "I think I might go on holiday now. There is nothing left to do. We have won."

Critical

Earlier, be issued a statement which was fiercely critical of Lord Harris and made disparaging comments on the former minister's commercial wisdom. "It is predictabfe that Lord Harris and his associates should so demonstrate their lack of knowledge as to make sucb allegations (concerning the validity of the powers of attorney) and it is frightening that tbey should do so without even seeing the documents."

The anti-Cadhury group on the board, 11 of the 14 directors, are going ahead with plans to send a circular to shareholders outlining their criticisms of Mr. Cadhury. "It would be interesting to know what they hope to achieve hy throwing muck," Mr. Cadhury said.

Their hope is that shareholders still free to choose will opt to bave Lord Harris as chairman rather than Mr. Cadbury. Much of the criticism will centre on the relationship hetween Mr. Cadhury's private and corporate lives. If the present hoard loses its battle td keep Lord Harris, it is clear that most of the 11 anti-Cadbury directors will resign, probably before Mr. Cadbury has a chance to remove them.

The next Westward board meeting is on Friday. The timing of the extraordinary meeting and the despatch of the circular will he high on the agenda. Mr. Cadbury and Lord Lisburne, his former deputy chairman, will probahly not attend. They helieve the hoard will find a formula for keeping them out anyway.

Government to make statement on shipbuilding

BY OUR SHIPPING CORRESPONDENT

THE GOVERNMENT is expected to admit that the finaocial targets it set British Shipbuilders a year ago are oo longer realistic. The state-owned shipbuilder announces its 1979-1980 results to-morrow and a Government statement on the industry is expected, probably on the same day.

British Shipbuilders will announce a loss for its last financial year marginally above the £100m limit set by the Government last July. However, in the current year the effective loss limit has been reduced to £35m and Britisb Shipbuilders' senior management has told the Government this is no longer realiatic.

Unless the casb limits are eased Britisb Shipbuilders will run out of money before the end of 1980.

Since tbe Government published its financial targets for Britiah Shipbuilders last year, the nationalised sbipyards have had to weather a prolonged ateel strike, a serious delay in promised public sector orders and a further appreciation of sterling, which has dented its competitiveness.

For these reasona Britisb Shipbuilders feela that the cash limits for 1980-81 are unreasooably tough and the Government is expected to accept tbis view and announce some temporary relaxation.

However, the statement will not clarify the uncertainty currently surrounding the future of British Shipbuilders because the Government has still not decided oo whether it will go ahead and denationalise the three specialist shipyards of Vickers, Yarrow and Vosper Thorneycroft.

It bad been thought the Government would announce that it would do nothing for the time being bnt there is still a strong body of opinion within tbe Government which believes it sbould honour its election pledge to denationalise the warahip builders.

The uncertainty over the future of the profitable warshipyards is making it very difficult for the chairman of British Shipbuilders, Mr. Robert Atkinson, to plan the corporation's future policies. It is boped the Government will make a atatement nn the future role of private capital within the industry within the next fortnight before the current aession of Parliament ends.

British Shipbuilders management and the trades nnions are opposed to aay move to bive off the three profitable warship builders since this would leave a major bole in the industry and seriously damage the corporation's new found morale.

Coral was 'impressed' by man accused of fraud

MR. NICHOLAS CORAL, chairman of tbe Coral Leisure Group, said yesterday that he had no grounds to douht the honesty and integrity of Mr. Alan Watts, a former executive in the compaoy, wbo is alleged to have stolen about £300,000 from the group.

Mr. Coral was appearing before South Westminster licensing magistrates in London.

The police and the Gaming Board have applied for cancellation of the licences for three of the group's Loodoo casinos: The Palm Beach, Curzon House and the International Sporting Club.

The police also object to the renewal of the licences.

It was alleged at an earlier hearing that Mr. Watts, formerly deputy managing director of the leisure group (then koown as the Curzon House Group), stole thousands of pounds from the company by "cash desk" frauds.

Mr. Coral described yesterday how he was impressed by Mr. Watts when be first met him, and how Mr. Watts asked for a "free band" in carrying out his work when he was employed by the group.

After evidence came to light in August, 1975, that Mr. Watts was defrauding the group, it was decided loternally that Mr. Watts should resign on grounds of ill-health, said Mr. Coral.

Mr. Peter Taylor, QC, for Mr. Coral, asked if there had been any evidence in the company of money being "skimmed off" and unjustifiable expenses incurred following the departure of Mr. Watts.

"There has been no skimming or any evidence of that since tben," Mr. Coral replied. He agreed that Mr. Watts was "an evil-intentioned man who had robbed the company of a lot of money."

Estuary link to cost £77m

By Robin Reeves, Welsh Correspondent

A £77m scheme for a major new road crossing under the Conwy estuary, North Wales, was announced by Mr. Nicholas Edwards, Secretary of State for Wales, yesterday.

Mr. Edwards has come down in favour of a "submerged tube" tunnel—the first of its kind in Britain—which will run diagonally under the estuary, rather than a bridge crossing which would have been some £15m cheaper.

The new crossing is a key link in plans to make the A55 a dual carriageway from the English border to Anglesey and the main road artery for north-west Wales.

The decision ends many years of argument over the form and ronte of Conwy crossing. Work on the tunnel, which will be 1,030 metres long, should begin in 1984 and completed in four years.

Justifying the greater expense, Mr. Edwards said a bridge would have had an unacceptable impact on Conwy castle and the town's walls. Conwy was one of the best medieval fortifications in Europe. Tha survival of both the castle and the town walls in so complete a form made it a monument of rare and exceptional value. "A new bridge wauld have destroyed for ever an historic view and also have heen intrusive to local inhabitants," he said.

An earlier proposal to build a further bridge (there are three aleady, including the railway crossing) provoked one of the longest public inquiries ever beard in Britain.

The Secretary of State also rejected the cheapest of three tunnel routes suggested by R. Travers Morgan and Partners, consultant engineers, in a feasibility atudy.

A tunnel running along the eastern bank of the estuary to cross at its narrowest seaward point, costing £67m, would still have caused more noise pollution and spoiled the scenic appearance of the lower estuary, Mr. Edwards said.

On the other hand, the environmental advantages of a third option—routing the tunnel under Conwy town at a cost of £83m—did not justify the additional cost involved, he added.

Drugs trade surplus jumps 30%

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE UK's trade surplus in pharmaceuticals soared by 30 per cent in the first balf of this year, compared with the same period last year, to give a favourahle balance of £260.9m.

Theae provisional figures, published yesterday by the Association of the British Pharmaceutical Industries, are the second record trading figures reported in a week by the British chemical industry, despite the anxiety it has expressed at the strength of sterling and the impact of exchange rates

On July 21, the Chemical Industries Association revealed that the UK trade surplus in all chemicals bad jumped by 45 per cent during the first half of 1980.

The ABPI statistics show UK pharmaceutical exports rose nearly 20 per cent during the first half of tbis year to £370.8m, compared with £309.3m for the first six months last year. But imports increased by only 1.8 per cent, from £108m to £109.9m.

The total UK pharmaceutical trade surplus of £260.9m for the first haK of this year compares with a figore of £201.3m for the same period last year.

The ABPI said forecasts that the 1980 pharmaceutical export surplus would top £500m "seems to be well on target."

It added that the strong first-half performance of the UK drug industry was "a testimony to the price and quality of British medicines" and a "clear demonstration" that a successfully managed UK industry could compete in highly competitive international markets.

The improvement in export figures was "particularly encouraging in view of the continued strength of the pound."

Michael Donne looks at shrinking U.S.-UK air fares

Atlantic air war shots may rebound

CUTS IN UK-U.S. air fares may be good for the "forgotten man at the bottom of the pack," but whether in the long run they will be of any value to the airlines involved remains to be seen.

The battle has erupted over the past few days, with British Airways and Trans World, announcing cuts in their cheapest rates—the popular Advanced Purchase Excursion (Apex) and stand-by rates—for the coming winter, from September 15 for BA and October 15 for TWA.

TWA, the biggest airline on the route, with over 1m passengers a year, probably started the battle unwittingly by planning some time ago to cut its cheapest rates this winter, to boost traffic at a time of year which is usually bad and seemed likely to be even worse this year because of the recession on both sides of the Atlantic.

British Airways heard of these plans, and last weekend announced cuts of its own, only to discover yesterday that TWA's went just a little further.

BA bad cut its stand-by rate between London and New York by £13, to £84 single. TWA had gone down to £82.50.

BA promptly reduced its rate again yesterday, to £82, whereupon TWA also cut off 50p and settled for £82. By late yesterday, the rates stood as in the accompanying table.

How long the fares will stay there is uncertain. Pan American Airways is to announce plans of its own this week.

Sir Freddie Laker is holidaying abroad and is not due back until the end of this week. His current cheapest single rate to New York is £85 in the off-peak period, so he is now undercut by £3 by both BA and TWA. The betting in airline quarters is that both Laker and Pan Am will trim their rates to match the others.

These reductions, actual and possible, must be seen against the background of what is happening elsewhere on the route—and the picture there is much less inspiring.

But to cut fares when fuel and other costs are soaring, and substantial losses are already being made on the route, puzzles many people.

Just how big the losses are, no-one will say. The International Air Transport Association estimates that for all the 40 or more airlines flying between Western Europe and North America, they exceed $500m (£209m) a year.

On the UK-U.S. route alone, there are now 13 airliners—BA, Pan Am, National, TWA, British Caledonian, Laker, Delta, Braniff, Northwest, World, El Al, Iran Air and Air-India—and maybe more to come when the U.S. decides on new airlines for the London-Miami route, with no shortage of applicants.

TWA claims to be breaking even on the route this year. BA woo't say. But somebody must be losing money, because BA estimates that only 23m of tbe 20m seats offered this year between the U.S. and UK, are expected to be filled.

This means that the equivalent of 21 empty 450-seater Jumbos are flying each way every day.

LONDON-NEW YORK AIR FARES (a)
(effective this coming winter)
single except where stated otherwise

Increases	Current	Planned
Concorde	£741	£844
First	£594	£675
Club Class	£247	£281
Full economy	£189	£213
Decreases		
Super Apex (b) (round trip)	£263-311	£185
Stand-by	£98	£82

(a) As announced by British Airways and Trans World. Pan Am and Laker plens yet to be announced.
(b) Super Apex return trips only can be booked; no singles allowed.

Why do so many airlines have what appears to be a death-wish over the North Atlantic?

Because of soaring fuel costs (now averaging $1.05 a U.S. gallon), all the big airlines—BA, Pan Am and TWA—are raising their first-class, club class and full economy fares by 13 per cent from this autumn.

This will hurt the business traveller who cannot book an Apex seat 21 days in advance or atand by in the hope of getting an even cheaper seat.

But all the airlines argue tbat the low-fare travellers are just as important to tbem. Four of every ten TWA passengers flies on a Super Apex ticket, and one in teu is a stand-by passenger. Half its traffic, therefore, flies at the cheapest rates. BA does not give figures away, hut the proportions are probably the same.

Thus, businessmen could argue that they are paying once again for the cheap-fare traveller. The airlines counter this by saying that whereas they can cut fares when they like, their governments will not normally let them raise fares, and the U.S. Government has opposed a rise in the full economy rate for some time.

But all the airlines argue that the low-fare travellers are just as important to them. Four of every teo TWA passengers flies on a Super Apex ticket, and one in ten is a stand-by passenger. Half its traffic, therefore, flies at the cheapest rates. BA does not give figures away, but the proportions are probably much th same.

Thus, businessmen conld argue that they are paying once again for the cheap-fare traveller. The airlines counter this by saying that whereas they can cut fares when they like, their governments will not normally let them raiae fares, and the U.S. Government has opposed a rise in the full economy rate for some time.

The answer is that the licences are valid for many years to come. The North Atlantic used to be one of tha most profitable routes in world civil aviation. Tbe airlines believe it will be again, when the recession is over and the Western world's economies start to boom again.

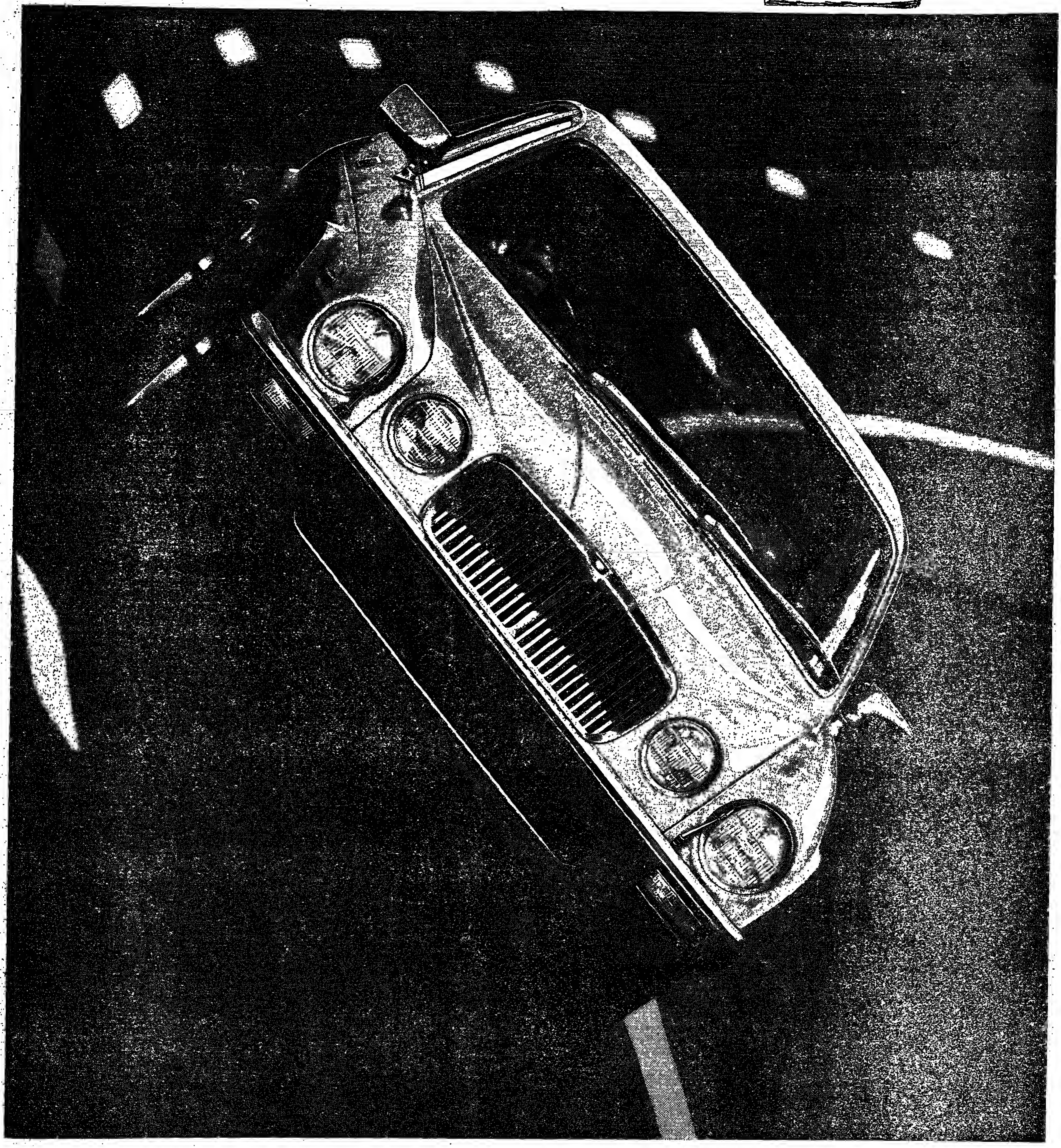
None of them wants to be left out when that improvement comes. Meanwbile, they are prepared to put up with minimal profits, or even losses, just to ensure they are present when the situation brightens.

So far, no one has been obliged for financial reasons to quit the UK-U.S. route—indeed, as the London-Miami route case has already proved, several airlines still want to be allowed to fly the North Atlantic.

But the situation is not all as bright as maoy airlines would like to think. Aer Lingus, admittedly operating from a small country, Ireland, with a comparatively small home market for air travel, is to cut its transatlantic flights by about 13 per cent, with the loss of 200 jobs.

On the Continent, too, there are suggestions that some other airlines are finding the route tough and expensive, and some of the smaller operators may be obliged to follow the Aer Lingus example this winter.

For those who can hold on, better times may be around the corner, as many of them hope. But as some airline executives privately admit, holding on is going to be a grim business over the next six to nine months.



At 127 m.p.h. the loudest noise comes from the competition.

The Jaguar XJ series has more than once earned the epithet "the finest car in the world."

So it is not surprising that the XJ6 4.2 has become the standard against which makers of imported cars in the same price range seek to compare themselves.

Needless to say, it takes more than a few carefully selected statistics to prove how brilliantly a car will perform.

And we would be the first to admit that the 4.2's 127 m.p.h. maximum speed* is, in normal circumstances, academic.

More important by far is the way it travels at high speed.

The sure-footed ease and almost uncanny silence that place the XJ6 4.2 in a class of its own.

Design features that spring directly from Jaguar's motor racing inheritance.

Like the fully-independent anti-dive suspension system – completely isolated from the body shell by sophisticated front and rear sub-frames.

Fail-safe servo-assisted disc brakes on all four wheels – ventilated in front, inboard at the rear.

A race-bred 205 BHP 4.2 litre twin-cam engine.

And a new electronic fuel-injection system that manages the impossible – a dramatic improvement both in performance and fuel economy.

The XJ6 is the quietest car ever tested for interior noise level by MOTOR magazine. Its high-speed stopping power also proved superior to every other car tested.**

Inside, the 4.2 surrounds driver and passengers with the sumptuous comfort of leather seating with adjustable lumbar support on the front seats, deep-pile carpeting and the rare delight of individually matched walnut veneering.

While statistics shout, the XJ6 4.2 continues in its quiet way to provide a totally unparalleled motoring experience.

For confirmation we recommend a simple course of action: a test drive.

JAGUAR XJ6 4·2

*AUTOCAR Autotest 29.12.79. Photograph taken at Motor Industry Research Association proving ground. **MOTOR braking from 70 m.p.h. test, week ending 15th December 1979.
DOE FUEL CONSUMPTION FIGURES FOR JAGUAR XJ6 4.2 MANUAL: CONSTANT 56MPH: 28.5 (9.9L/100KM). CONSTANT 75MPH: 24.6 (11.5L/100KM). URBAN CYCLE: 13.3 (21.3L/100KM).
AUTOMATIC WITH 3.07 AXLE RATIO: CONSTANT 56MPH: 28.2 (10.0L/100KM). CONSTANT 75MPH: 23.7 (11.9L/100KM). URBAN CYCLE: 14.5 (19.5L/100KM).

There has never been a better time to go for the best.

Jenkin dashes Tory backbench hopes of increased child benefit

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

CONSERVATIVE Backbenchers who have been pressing for a better deal over child benefits had their hopes dashed in the Commons yesterday by Mr. Patrick Jenkin, Social Services Secretary.

He told the House that the Government stood by its proposal to raise child benefits by 75p per child this November instead of the £1 which some Tories had been calling for.

The Secretary of State confirmed that increased retirement pensions and other benefits would be based on the Chancellor's forecast of an annual rate of 16.5 per cent inflation by November.

MPs on both sides of the House had been critical of the proposal to increase child benefit from £4 to £4.75 because this is equivalent to 11 per cent over 12 months and fails to keep pace with the increased rate of inflation.

There had been hopes of a Government concession following the report of the Government Actuary which forecast a surplus of £687m in the National Insurance Fund over the current financial year.

Some reports had suggested that the Government would announce a review of child benefit next April and the possibility of a further increase.

But Mr. Jenkin told them: "This Government has had to face the economic facts of life. We have had to come to terms with the reality of the world we live in."

Introducing the orders uprating social security benefits he declared: "We have had to face hard decisions and had to find savings in National Insurance and Social Security benefits in order to contribute to the Government's overall economic objectives.

According to Mr. Jenkin, those who thought the Actuary's report of a surplus could lead to an increase in benefits entirely misunderstood the figures. There was the "sheer uncertainty" of such forecasts.

"It would be wildly irresponsible to regard this forecast surplus as a firm foundation for increasing expenditure," he argued.

"I have to make it abundantly clear that the forecast cannot in any way affect the decisions which the Government has had to take about restraining expenditure on the social security programme."

The social security programme, as a whole, was estimated to take around 27 per cent of total public expenditure. He felt it would be "utterly unrealistic" to imagine that the social security programme could be exempted at a time when the Government was seeking a substantial reduction in public expenditure.

Nevertheless, he promised that in future years the Government would do its best to retain the value of child benefits depending on the economic circumstances at the time.

ORME: "The 75p increase is really a down-rating"

He reminded MPs that the current uprating of benefits and pensions would cost an extra £3bn in a full year. The Government was doing as much as it could for those in need. The child benefit increase of 75p will cost an additional £420m in a full year bringing the expenditure on this item alone to £3.3bn.

The Secretary of State said that forecasters now accepted that there would be a significant deceleration in the rate of inflation.

He was now satisfied that the year-on-year increase in prices of 16.5 per cent by November 24 was the best estimate he could make.

From the Opposition front bench, Mr. Stan Orme, Labour social security spokesman, said the 75p increase in child benefit was really a down-rating. To restore the true value of this benefit in line with inflation it would have to be increased to £5.20 per child.

Therefore the Government was really cutting the value by 45p, or 9 per cent.

He said the debate was taken place against a background of rising unemployment and high inflation. It was time for the Government to restore the cuts against the less well off.

If essential purchasing power was restored, it would be used by these people and would help to expand the economy.

The public found it absolutely inexcusable that benefits were being cut at a time when National Insurance contributions remained at their present level and there was a massive surplus in the National Insurance fund. If the Government was pushing more people on to supplementary benefit, it would only increase the public sector borrowing requirement.

Edwards challenged on steel closures

MR. NICHOLAS EDWARDS, the Secretary of State for Wales, yesterday assured MPs that he was not aware of any proposals to close the Llanwern and Port Talbot steelworks in South Wales.

He was challenged in the Commons by Mr. Dafydd Wigley (Plaid Cymru, Caernarvon) about a report in Monday's Financial Times which, the MP said, suggested that the British Steel chairman might well be recommending the closure entirely of Port Talbot or Llanwern, or possibly both, because of the steel crisis.

Mr. Wigley called for an assurance that at the present time Mr. Edwards had no knowledge of any such proposal.

Mr. Edwards said he could give the assurance that he had no knowledge of any such proposal. The chairman of BSC, when he last came to see him, had made absolutely clear that he had not taken decisions and wished to assess fully the situation confronting him in BSC.

Mr. Alan Williams, Labour spokesman on Welsh affairs, said that closure of either of these two great steel works would have an effect as long-lasting as Churchill's decision to send troops against the miners.

Printers to meet Murray in Observer pay dispute

BY PAULINE CLARK, LABOUR STAFF

LEADERS of the National Graphical Association are to meet Mr. Len Murray, general secretary of the TUC, this morning in a fresh attempt to find a solution to the printers' pay dispute threatening the future of the Observer.

The TUC initiative in seeking talks with Mr. Joe Wade, general secretary of the NGA, follows the rejection of a peace formula put to 25 machine managers at the Observer over the weekend in spite of an acceptance recommendation by national NGA leaders.

It is the first formal intervention in the dispute by Mr. Murray, who was informed of last week's negotiations between Observer management and the NGA under the umbrella of the Advisory Conciliation and Arbitration Service.

The Observer management said yesterday it had agreed to a request from the NGA to defer plans to send individual notices of dismissal to all staff on the Observer.

During negotiations over the past month management has insisted it will not improve its offer of £100.13 to produce a 64-page paper because it fears leapfrogging claims by other unions.

The machine managers are seeking £108.03 and argue they have already halved their original cash claim as well as agreeing to reduce manning levels to 48 from 51.

Mr. George Jerrom, NGA national officer, said yesterday the union was ready to take part in any talks which offered hope of a solution to the dispute.

Management has warned that the paper will close unless machine managers agree to co-operate on plans to produce a bigger paper. Atlantic Richfield, the American owner of the paper, is anxious to see the Observer go into profit after making a loss over the past four years.

Last week's peace formula focused on a management offer to take one hour off the 15-hour Saturday night to Sunday morning production shift.

No sign of end to Reuters strike

BY OUR LABOUR STAFF

THE OFFICIAL strike by journalists at the London office of Reuters, the international news agency, entered its third day yesterday, with hopes for a solution pinned on attempts to end a strike by their American colleagues.

The UK strike followed a management decision to send home journalists who had refused to handle copy from the Reuters New York office, where a strike has been called over a pay dispute.

Executives at Reuters in London have been maintaining the agency's services since last Friday when the journalists started their industrial action.

Representatives of the Reuters chapel of the National Union of Journalists said yesterday that a new peace initiative was expected to be discussed in New York. But they were sceptical about whether an early solution to the dispute could be found.

In London, the 150 striking journalists continued to maintain a picket line outside the Reuters office in Fleet Street. Mr. David Nicholson, father of the NUJ chapel, flew back on Sunday night from Moscow, where he had been covering the Moscow Olympics with a team of Reuters' journalists.

Members of the National Society of Operative Printers, Graphical and Media Personnel, who had joined the journalists in disruptive action, returned to work over the weekend.

Local health councils' future in doubt

By Ivor Owen

DESPITE THE initial caution shown by the Government in streamlining the administration of the National Health Service in Scotland, Labour MPs are still convinced that major cuts in the existing structure will not be long delayed.

This emerged in the Commons yesterday when they accused Mr. George Younger, the Scottish Secretary, of holding a "sword of Damocles" over local health councils.

In outlining the response to the consultative document on the organisation and management of the NHS in Scotland published last December, the Minister stated that there had been a very marked division of opinion on local health councils.

The views expressed on these bodies had ranged from strong support to outright opposition.

Mr. Younger stated: "I am not persuaded that they need to be a permanent feature of the NHS in Scotland, but they are statutory bodies and any change would require legislation.

"When there is a prospect of new Health Service legislation, I shall decide whether or not to propose abolition of these councils."

Mr. Younger said the reactions to the consultative document had confirmed his own view that no changes should be made in the number of health boards or the areas for which they were responsible.

But he proposed to ask those boards making use of services provided in Edinburgh and Glasgow to form joint consultative committees to secure the co-ordinated planning and operation of services.

Opinion had been divided on the need for non-statutory districts below area level.

Three of the 10 boards with districts at present—Fife, Ayr and Arran and the Forth Valley—agreed that districts could be abolished, and he intended to encourage these boards to take the appropriate steps to achieve this end.

Mr. Younger stated that the other seven boards, for various reasons and with varying degrees of emphasis, had indicated that they would prefer to retain a district structure.

He intended to pursue the matter further with the seven boards.

The Scottish Secretary reported that the boards generally agreed that as much authority as possible should be delegated to the unit or sector level. All of them would be asked to make the necessary changes in their arrangements to ensure that this took place.

Mr. Younger stressed that the changes to be made in district organisation and management levels below area would have substantial implications for staff.

"Proposals to deal with these implications, covering arrangements for filling posts, for staff protection, for premature retirement, and for redundancy compensation are being discussed with the staff side, and I hope that a satisfactory agreement can be reached soon."

Mr. Younger brushed aside the Labour protests that he had placed "a sword of Damocles" over the heads of the local health councils.

The solution was in their own hands, he maintained.

PLP working party rejects idea of direct elections to Cabinet

BY ELINOR GOODMAN, LOBBY STAFF

LABOUR MPs will this autumn be asked to approve a relatively modest package of proposals for increasing their influence over the party leadership.

Included in this package, published yesterday, is a change in the method of appointing Junior Opposition spokesmen and a larger say for MPs on how the money provided to Labour in Opposition should be spent.

But the working party of MPs set up 18 months ago to examine the working of the Parliamentary Labour Party yesterday rejected the most controversial idea under review of direct elections in the next Labour Cabinet. Instead, it settled for less radical ways of making the Labour leader more accountable to MPs.

The committee was, however, divided in a minority report. Three backbench members of the Right-wing Manifesto group argued that 15 members of the Shadow Cabinet should be elected each year by the PLP. Both views will be discussed when MPs vote on the report after the recess.

The report is another strand in the argument in the party over the whole question of party democracy. And some of the changes may be resisted by the National Executive on the grounds that they would make it more difficult for the NEC to increase its influence. The committee concluded that some changes were necessary to the relationship between the PLP and the Parliamentary leadership.

In some cases, such as the proposal for approving Junior Shadow Cabinet appointments, the committee proposed innovations which would give MPs more influence—if not actually a decisive say in the appointments and policies of a future Labour Government.

In others, it merely recommended formalising what is already normal practice.

The working party proposed that after Labour is next returned to power, Labour MPs should meet to consider the priorities for the Queen's Speech. A similar meeting would be held each July.

The committee did not suggest that the outcome of this meeting should be binding on a Labour Government — only that the Labour leadership should take note of its recommendations.

In the same way, the majority report rejected the idea that a Labour leader should be bound to appoint to his Cabinet those MPs who had come top of the PLP ballot. Instead, it recommended a formula for increasing the influence of MPs over appointments in the Cabinet.

Under this scheme, the number of Labour MPs elected to the Shadow Cabinet when Labour was in Opposition would be increased from 12 to 15. On taking office, a Labour Prime Minister would be expected — as he is now — to appoint as members of his Cabinet those MPs who had been elected to the Shadow team while in Opposition.

At present, the PLP elect 12 members of the Shadow Cabinet and the leader is free to appoint who else he likes. But in another proposal aimed at increasing the influence of MPs when in Opposition, the committee recommended that a list of junior and front bench Opposition spokesman should be submitted to the PLP for its approval.

Labour MPs would not, however, be able to veto individual appointments and would only have the option of rejecting the whole list or approving it in its entirely.

The committee also proposed that in future the money paid to Labour in Opposition should be controlled by trustees consisting of the chairman of the PLP, the Leader and two trustees elected by the Parliamentary party for the duration of the Parliament.

But the committees, whose members included four Shadow Ministers, rejected the most controversial proposal under discussion. The majority report took the view that direct elections to the Cabinet might fail to produce the balanced representation of views within the party which all Labour Prime Ministers had sought to achieve.

It also feared that such elections would create a regular popularity poll for Ministers which would mean that Ministers in the most controversial jobs would be more exposed to party pressures than those in less controversial jobs.

Elections could, they warned, damage collective responsibility as each Minister sought to establish his individual stance in the eyes of the PLP.

The minority report, however, rejected this view. There was no reason to believe, it said, that the PLP would be "less mature or act more capriciously" when the party was in office than when it was in Opposition.

It must be wrong, it argued, for a Government to continue with no opportunity for the PLP to vote directly on those who hold ministerial office.

Enterprise zones may be named

By Philip Rawstorne

MRS. THATCHER may announce in the Commons today the establishment of some six "enterprise zones" in the country's older urban areas.

The Prime Minister, facing a Labour censure on the Government's unemployment record, is expected to present the initiative as a major opportunity for business expansion.

By reducing controls, red tape and bureaucracy in the areas, the Government hopes to stimulate small businesses in particular to move or to expand in present areas of industrial decline and dereliction.

Companies moving to the areas would be offered generous capital and rating allowances, simplified planning procedures, exemption from Industrial Training Board rules and levies, and development tax concessions.

The Government has been planning to establish three or four enterprise zones in England and one each in Scotland, Wales and Northern Ireland.

The sites that have been short-listed are at Attercliffe, Sheffield; a site in Tyne and Wear; Liverpool; Manchester and Salford Docks/Trafford Park; Bilston Wolverhampton; a London site possibly in the Dockland area; lower Swansea Valley; Clydeside; and an inner city site in Belfast.

Clegg urges 12.2% deal for technicians

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT'S standing commission on pay comparability, chaired by Professor Hugh Clegg, yesterday recommended pay increases for 20,000 university technicians worth 12.2 per cent on the group's pay bill.

The Government has not formally accepted the increases, although management and union negotiators agreed in advance to accept the Clegg Commission's findings. Commission and Department of Education officials are, however, firmly under the impression that the increases as recommended are to be implemented.

Although the increases are markedly lower than many recent pay settlements, the award comes on top of a series of increases for the group which could mean the difference in technicians' pay between this and last year could be considerably higher.

The Clegg Commission awarded interim increases of 13 per cent to the technicians in August last year. But because of the method used in the comparability survey, the commission felt a further inquiry was necessary. This was carried out by the Civil Service's Pay Research Unit.

The commission's interim award was to be paid in two stages, half from August 1 last year and the other half from April 1 this year.

The two sides of the technicians' negotiating committee agreed an 8 per cent increase in technicians' salaries from October last year. The second stage of the interim Clegg award added 6½ per cent to these pay rates in April this year, and the award announced yesterday will be on top of these rates.

The Government may be embarrassed that the technicians, though a numerically small group, have received four increases of 6½, 8, 6½ and about 12 per cent between August and April, although the two portions of 6½ per cent formed the group's settlement for 1978-79.

Yesterday's award, if fully implemented, will take grade 5 technicians from £4,974 to £5,577, an increase of 12.1 per cent. Top-grade technicians will move from £8,061 to £9,045 with a rise of 12.2 per cent and those on the bottom grade from £3,339 to £3,747, an increase of 12.2 per cent.

The new rises, backdated to April, are calculated by the commision to cost about £9.6m.

The commission also recommends the payment of a lump sum, ranging from £140 for the highest grades to £46 for a trainee, to compensate technicians for a delay in making salary adjustments between August 1 last year and March 31 this year. The cost of these payments is estimated at about £1.4m.

● The findings of the arbitration tribunal on the pay of 470,000 teachers in England and Wales are expected this week. The tribunal has been examining the dispute between teachers' employers and the unions over the £130m Clegg Commission error in last year's teachers' pay deal.

Tapping inquiry urged

BY OUR LABOUR STAFF

THE Post Office Engineering Union is calling for a Government inquiry into telephone tapping, which the union claims needs more political control and Parliamentary accountability.

In a report to be issued on Thursday, the union calls for legislation providing express legal authority for the interception of telephone and other communications, and suggests such a move could be included in the laws the Government will have to introduce in the next Parliamentary session to split the Post Office.

The union calls for stricter criteria for issuing warrants for phone tapping, an independent check on the Home Secretary's judgment on applications for warrants, and annual reports to Parliament detailing the number of interceptions every year.

The report, well publicised by union officials stresses the "special professional position" of the POEU on the issue.

The union acknowledges that tapping is carried out by personnel from several unions, including the POEU, and that as a result "it is not so difficult for Post Office engineers on occasions to come across clear evidence" of phone tapping.

But it makes no use in its arguments of submissions from any of its members thus involved, and relies instead on previously published journalistic work and available Government reports and papers.

Liberals plan recruiting drive

BY PHILIP RAWSTORNE

THE LIBERAL Party is to mount a national campaign in the autumn to recruit support among young voters.

Mr. David Steel, party leader, will tour 14 universities in October and a further 50 meetings to be addressed by Liberal MPs and officials will be held throughout the country.

Encouraged by its success in local elections and by the increased support emerging from opinion polls, the Liberal leadership has decided to concentrate its efforts on building up the party's active membership.

Mr. Steel appears now to be discounting the possibility of any radical changes in the political line-up caused by the creation of a centre party.

The Liberal leader has had no contact in recent months with Mr. Roy Jenkins and is sceptical about the following of Labour moderates he could attract or the electoral support he could command.

The Liberal Assembly in September will debate the party's attitude towards the emergence of a centre party and the question of any election deals with dissident Labour moderates.

Mr. Steel believes the party could still benefit from continued Labour disarray after the autumn conference. Even if the Left's alternative strategy is defeated by Mr. James Callaghan, the Liberal leader considers that Labour's links with the trade unions will prove an electoral disadvantage.

But the Liberals' strategy must be to strengthen its own base rather than wait for some initiative from Labour's social democrats. Mr. Steel and his MPs have agreed.

The party's support has increased since the General Election and, despite the lack of any dramatic advances in the past year, Liberals are convinced that further Goverment difficulties in the coming year should present them with opportunities for further advances.

Call to ban 'blanket' police raids

A FORMER Labour Minister has called on Mr. William Whitelaw, Home Secretary, to ban "blanket" police raids to track down illegal immigrants.

Mr. Reg Freeson says in a letter to Mr. Whitelaw: "The use of such blanket raids are not carried on against white citizens in this way for suspected breaches of the law, except possibly under the Protection Against Terrorism Act."

But the former Housing Minister continues: "Such raids inevitably spread alarm and despondency among the black community and their organisations."

Mr. Freeson welcomes the Home Secretary's decision to review the use of these raids: "I would urge that this review be undertaken as soon as possible in view of the effect this situation is having on race relations—and I would ask that no such blanket raids be conducted in future."

He goes on to warn Mr. Whitelaw that legal immigrants will feel they have to carry their passports

Mr. Freeson refers to one blanket raid at Bestways in his London constituency of Brent East. Thirty-seven people were arrested—"a number far in excess of those about whom the police supposedly had information"—the majority of whom were subsequently found to be innocent. Mr. Freeson says.

"Surely there could have been no justification for detaining people, (who were) there by accident, about whom the police could have had no information?" he asks Mr. Whitelaw.

"If someone is suspected of being an illegal immigrant, then action should be taken against that individual.

TUC protests at health and safety budget cuts

MEMBERS of the TUC social insurance and industrial welfare committee yesterday met Mr. James Prior, Employment Secretary, and Mr. Patrick Mayhew, Under-Secretary, to protest at the Government's proposed cuts in the budget of the Health and Safety Commission and Health and Safety Executive (HSE).

The delegation deplored the 6 per cent spending cut already imposed on the HSE, which would amount to a 10 per cent staff cut by 1982.

The Government had asked for the HSE's views on the implications of a further 8 per cent cut in staff. The delegation completely opposed further cuts, arguing that they would bring the size of the HSE back to pre-1974 levels.

This was in spite of the fact that the 1974 Health and Safety at Work Act had increased the workforce the HSE had responsibility for from 12m to 18m.

The TUC delegation also argued that the HSE's responsibilities were expanding because of public demand and international commitments, including EEC and International Labour Organisation requirements.

Increase in death risk for jobless

By Gareth Griffiths

THE GOVERNMENT is to consider a report on a possible link between rising levels of unemployment and increases in illness and mortality rates, reported in some areas.

A Department of Health and Social Security study of 2,300 men who lost their jobs in the autumn of 1978 will be presented to Ministers shortly. The project was launched after non-governmental research suggested that the mortality rate increased by 2 per cent for every 1 per cent rise in unemployment.

Trade unions and local authorities in the North and Wales have been concentrating on the social costs of Government policy on employment.

The unemployed in the sample were chosen by computer from 86 job centres. The survey is the most carefully balanced to be carried out so far on the subject, although the National Council for Voluntary Organisations (NCVO) and a Liverpool group are to launch similar projects.

Unemployed people appear to be less resistant to depression and illness because of the trauma of losing their jobs and the consequent lower living standards. During the last recession the death rate in England and Wales rose from 11.9 per thousand in 1973 to 12.2 per thousand in 1976, according to the Office of Population Censuses and Surveys.

The NCVO in its evidence to the House of Lords committee on unemployment this month said the increasing levels of unemployment were also leading to increased social stress, mental illness, crime and divorce.

Heseltine refuses block grant plea

BY ROBIN PAULEY

A PLEA to delay the introduction of the proposed new block grant system of rate support for at least one year was firmly rejected by Mr. Michael Heseltine, Environment Secretary, yesterday.

All the local authority associations — Labour and Tory-controlled—briefly rediscovered their unity at the meeting with ministers at the consultative council on local government finance.

Their leaders urged Mr. Heseltine to hold up the introduction of the new scheme, if only because it was now evident that it could not be introduced in anything other than a makeshift and ad hoc way in time for 1981-82.

A one-year delay would at least allow civil servants more time to produce an improved, more sophisticated scheme, they said.

Mr. Heseltine admitted that the scheme will have to be improved in later years, but he insisted he was going on with it.

"We remain totally opposed to the principle as well as the detail and we shall be marshalling support against it when the Local Government Bill reaches the Lords." Mr. Jack Smart, Labour leader of the Association of Metropolitan Authorities, said

Sir Gervas Walker, chairman of the Association of County Councils, said "The papers and proposals we have seen today prove conclusively that block grant as it now stands will be more complicated than the old rate support grant. The Government admitted it will all be very ad hoc to begin with and they now have only two or three months left to work at it."

Mr. Heseltine insisted, however, that the scheme was both workable, manageable, simpler and more understandable than the present scheme.

"We are pushing ahead with it although it will be refined in future years. Today we had a discussion about whether some of the factors for assessing spending need were fair or not and which should have more significance.

He said he hoped local local authority overspending, currently projected at 5.6 per cent or £730m (at November 1979 prices) on current account, would be much lower when councils resubmitted their 1980-81 budgets.

Builders hold off protest

BY OUR LABOUR STAFF

The Group of Eight construction unions and employer bodies decided yesterday against a joint demonstration in London against the effects of Government policy on the industry.

Union representatives have been pressing for some form of demonstration, and some employers represented at a meeting yesterday supported this. But despite rising anxiety in the industry, the general feeling was that such a demonstration was not yet justified.

The group instead decided on a meeting at the House of Commons next week, at which it hopes to lobby MPs and explain the damage it attributes to Government policies.

The group has been disappointed by a reply from the Prime Minister to its letter, sent after a moratorium on public authority spending was suggested.

Roads hand over rejected

A NATIONAL union ballot of 3,389 staff in road construction units throughout the country have voted "overwhelmingly" in favour of refusing to cooperate in handing over work on motorway schemes to private consultants.

After reporting a 90 per cent vote on non-co-operation, the National and Local Government Officers' Association warned that work on major road schemes could be delayed as long as six months in some areas.

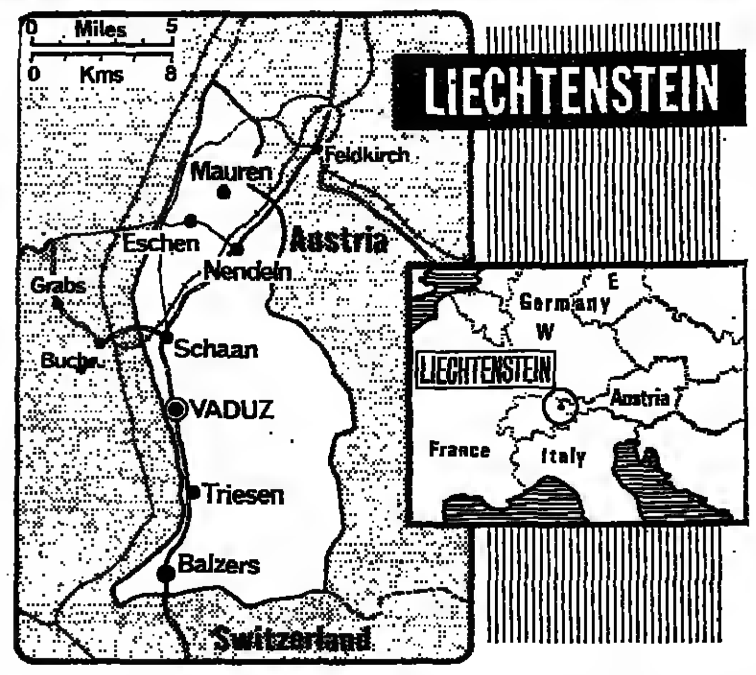
The union claims that the Government has failed to keep a promise to involve it in full consultations on handing over work to the private sector in line with last winter's Rayner recommendations on Government economies.

هكذا من الأصل

FINANCIAL TIMES SURVEY

Tuesday July 29 1980

Liechtenstein



Though strongly linked to Switzerland, this tiny, German-speaking Alpine state has strengthened its independence through industrialisation—while retaining its charm as an attraction for tourists. The financial companies which have set up in Liechtenstein have both increased its prosperity and helped give the country an increasing interest in international events.

Wealth of a modern state

By John Wicks

IN OPERETTAS, the inhabitants of tiny principalities are noted for dancing in the village square, spontaneous choruses, and good humour.

The contemporary Liechtensteiner is not necessarily rosy-cheeked or endowed with a tenor voice, but he or she would otherwise have good reason to join in the Act III festivities. The fountains are flowing with wine and there is oo sign of a villain bass in the wings.

Io fact, Liechtenstein is a sophisticated modern state rather than an Alpine Ruritania. Its toolmakers and company lawyers are far from belog musical-comedy peasants, but the national anthem is close enough to the literal truth when it describes the country as "Flourishing on the youog Rhioe, bappy and loyal."

The days when Liechtenstein was one of the poorhouses of Europe are within living memory, and the 25,340 inhabitants are well aware of today's *felicity. Per head, the little* nation is one of the richest in the world.

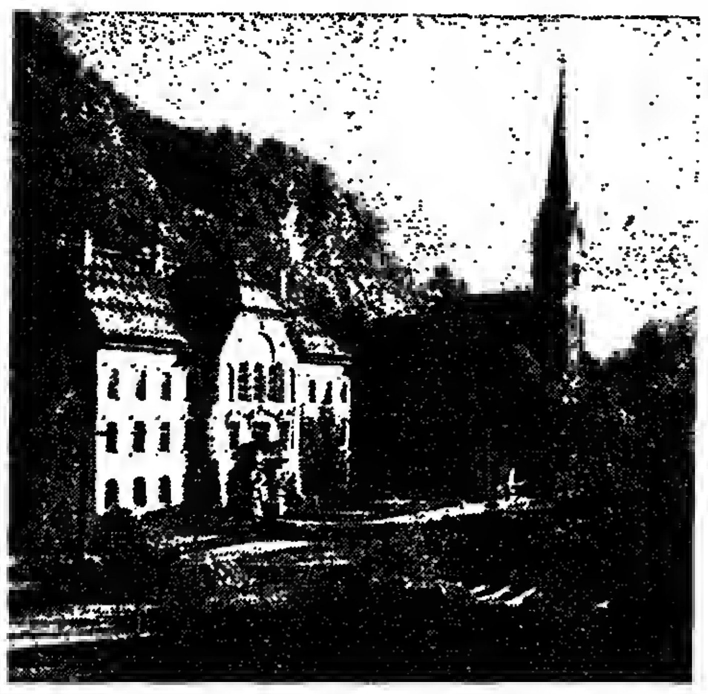
Until recent years, Liechtenstein did not bave much to recommeod it. It occupies a mere 160 sq km, of which 60 per cent is mouotainous, has virtually no raw materials and only limited agricultural capacity.

Early last century, a local writer described it as "possibly the poorest country in the world." *In the 1920s*, the principality was still living largely from pastoral farming and seasonal work abroad. Not until well after the Second World War did the good times begin.

Liechtenstein's history goes back to the turn of the 17th century when the *Austrian* house of the same name bought the Seigniory of Schellenberg and the neighbouring County of Vaduz from a bankrupt Count.

The purchase was hardly due to any intrinsic value of the little territories far off to the west—the family simply wanted a domain under imperial suzerainty so as to obtain a seat in the Princes' Diet. Shortly after, the territories were joined and given the name of the ruling family.

Sovereignty came with Napoleon's creation of the Rhenish Confederatioo and Liechtenstein's subsequeot membership of the German Coofederation; It is the only country in both alliances to have retained its independence.



Mountains surround the Government's palace at Vaduz, the capital

The close links with Austria, the princely *family* having been based in its Vienna palace until the reign of the present Prince, led to a customs aod currency treaty with Austria-Hungary in the 1850s.

This connection with Austria resulted in a big blow for Liechtenstein with the outcome of the First World War. Although the couotry remaioed neutral, as in 1939-45, bostilities and the resultant collapse of the currency led to a closure of all such industry as existed and a total loss of all savings.

After the abrogation of the treaty with Austria, negotiations began immediately with Switzerland on a similar agreement. The Swiss franc first became de facto and in 1924 de jure the national currency. The substantial degree of co-operation with Switzerland, which continues, has been an important feature in the economic growth of the past few decades.

Connections with the Swiss, which include an open frontier aod the manning of Customs posts on the Austrian border by Swiss officials, do not mean that Liechteostein has given up its sovereignty. The country is very much itself—a constitutional hereditary monarchy headed for the past 42 years by Prince Franz Josef II— and bas a seat of its own in the Council of Europe, an Embassy in Berne, and a long string of individual presences in bilateral and multilateral agreements.

Although the Prince can—and on occasion bas—exercised his right to veto legislation, the constitution foresees a joint system of monarchical and popular sovereignty.

The male electorate vote for the Diet ("Landtag") as Parliamentary representation, as well as holding Swiss-style plebiscites and referenda. As in Switzerland, the 11 communes have far-reaching sovereign powers.

Liechtenstein has a remarkable record of political stability. Two parties, the Patriotic Union and the Progressive Citizens' Party have run a coalition government since 1938. The difference between the two, according to a local bonmot, is that one is Catholic, conservative and monarchical, and other monarchical, cooservative and Catholic.

At the last general election, in 1978, the Patriotic Union became the majority party by winning eight of the 15 seats, and Hans Brunhart became head of the Government.

The country's economy is based firmly on manufacturing industry. There are about 30 large industrial undertakings operating in Liechtenstein, a recent figure putting the number of actual factories at around 45 (the uncertainty arises from a change in nomenclature under the Factory Acts).

Many of these serve not only neighbouring markets but the world at large.

According to the Liechtenstein Chamber of Industry, in 1979 visible exports were worth over SwFr 760m ($466.5m), of which 42.1 per cent went to EEC countries, 23.9 per cent to Switzerland (including re-exports), 7.8 per cent to other EFTA partners, and 26.2 per cent to the rest of the world.

Not only are Liechtenstein-based companies exporting increasing volumes directly (rather than via Switzerland), but a growing amount of their production is undertaken in subsidiary plants abroad. This is due largely to the shortage of manpower in a country where foreigners make up 34.6 per cent of the population.

Embarrassed

Better known thao the important industrial sector is the service Liechtenstein offers as a tax haven and base for holding companies and trusts.

Laws passed io the crisis-ridden 1920s led to the formation over the years of tens of thousands of such companies, many of them on a temporary ad hoc basis.

Recently, the country bas been repeatedly embarrassed by international scandals involving letterbox companies, the most sensational being the Crédit Suisse/Texon disclosures of 1977, in whicb over SwFr 2bn worth of clients' funds of the Zurich bank's Chiasso branch were improperly chanuelled throngb a Liechtenstein company.

Lawyers and politicians in the principality point out that such affairs arise from the misuse of Liechtenstein facilities by foreigners, but pressure from outside governments, most recently from Berne, bad been building up.

The result is the current revision of national corporate law in order to control and supervise holding companies more closely and act more rapidly to crack down on illegal or undesirable activities. This has become easier to bring about because Liechtenstein is not to any noticeable extent dependent on the letter box business any more.

The revisions, which are explained in detail elsewhere in this survey, are not likely to lead to a major loss of custom for Liechtenstein's 23 lawyers and 60 legal ageots and trustees. But they should clamp down on much of the business which has, rightly or wrongly, been giving the country a rather doubtful reputation.

Two further sources of income for Liechtenstein are tourism and the postage stamp business. The principality is a popular destinadon for day-trippers and efforts are being made to expand the more lucrative, lodging business. Liechtenstein is also becoming increasingly popular as a centre for winter sports.

Sales of Liechtenstein's attractive postage stamps totalled *nearly SwFr 30m ($18.5m)* last year but these depend to seme extent, on the tourist trade. Liechtenstein has a highly professional subscription service for new issues, however, and is considered a "serious" stamp country by collectors.

Overall, prospects for the principality are good. With high wages, low taxes, low inflation and no military service or unemployment, a little dancing in the Vaduz square would not seem out of place.

CONTENTS

Law tightened to control foreign companies

"GOOD ADVICE is expensive," says the motto on the side of a little clock in Dr. Herbert Batliner's opulently furnished office. Handily placed to as to be easily seen by the seated visitor, it reflects the importance to the tiny Principality of Liechtenstein of the myriad trusts; holding companies and foundations that have sought a haven within its narrow borders.

Dr. Batliner is one of the Principality's leading lawyers and thus closely affected by the recent tightening up of the law on such companies, estimates of whose numbers range from 20,000 to more than 30,000. Although there had been earlier vague moves to do so, it was the 1977 scandal emanating from the Chiasso branch of Crédit Suisse, a major Swiss bank, which really set the ball rolling.

"That raised a lot of dust," says Dr. Batliner. Clearly, he implied, the Liechtensteiners did not want to let the shadier operators kill the goose that lays the golden eggs and thus provides a substantial slice of its national revenues. "We don't want any more clients who think they can come here and transact doubtful or bad business."

With a vast beige-fitted Chinese carpet, a Persian rug, and a genuine Chagall painting on the wall—there are also a couple of Picassos outside—his office is certainly not that of the typical lawyer. To reach it the visitor has to pass through a remotely-operated set of glass doors at the front of his building and another before the suite of offices upstairs.

The casual stroller through Vaduz, the capital, continually comes across evidence of the financial companies that have set up in Liechenstein to avoid high taxes or other inconveniences. On one sign outside a small office building near a café the following names were displayed: Mandar Verwaltuogs-und Treu-institut (which translates as Maoder Management—aod Trust-Institute): Arabian and Middle East Trading Company; and Orbex International Establishment.

The latest revision in the law, which went through only a few weeks ago, seeks to toughen up the rules on auditing, the qualifications of directors, and the responsibility of those managing the companies to see that all is above board. "The legislators and we lawyers want more information from clients so that we can have an insight into the running of the business," says Dr. Batliner.

Tax inspectors

The law now draws a distinction between foreign-owned companies with a commercial purpose as its main target, and those designed mainly to manage investments or keep them in trusts away from predatory tax inspectors. The tax-avoidance category appears to account for most of the *20-30,000* companies, but it is the commercial category which has caused the most trouble.

The words Chiasso and Texon-finanzanstalt have now become unhappy bywords in Liechtenstein for the abuses that can occur in slackly administered or supervised companies. Chiasso is a small Swiss town near the frontier with Italy and traditionally a haven or staging post for vast amounts of Italian lire seeking an escape from the taxmen and often brought over in suitcases in the boot of a car.

Though Texon set up in Liechtenstein, the Chiasso branch funnelled as much as SwFr 2.2bn (£580m) of clients' funds, unknown to the Crédit Suisse head office in Zürich which has since tightened up its internal controls and been feverishly sorting out the Texon débâcle. Altogether the bank has had to write off more than SwFr 1.3bn (£340m).

But Chiasso did not provide the only shock to Liechtenstein's tightly-knit financial community in the 1970s. Companies with addresses in Liechtenstein—often just that and a letter-box—have also figured in the affairs of Michele Sindona, the Italian financier whose huge empire collapsed a few years ago, and the former Shah of Iran, as well as the Lockheed bribes scandal.

With all this in the air, it was hardly surprising that other countries, including neighbouring Switzerland which provides a sheltering wing for Liechtenstein, were keen to see the principality put its affairs in order; and with Liechtenstein a member of the Council of Europe since late 1978 it has been under even greater pressure, moral or otherwise, to take effective action.

Even so, most Liechtensteiners claim that the main impetus came from their own legislators, lawyers, and bankers. "The speed with which the government and parliament acted," says Dr. Batliner, "shows the depth of interest there was in introducing better order and controls." Moreover, one key advantage for those setting up Liechtenstein companies—anonymity—has been strictly maintained.

It was in the 1920s, when Liechtenstein was far less prosperous that the basis was laid for its development as a magnet for holding companies. The official currency in the early part of the century was that of Austria, so its collapse after the 1914-18 War wiped out the savings of the principality's citizens. These had been invested in Austrian krone bonds and were worth over SwFr 40m (£10.5m) in today's purchasing power.

Their minds concentrated by poverty, Liechtensteiners passed laws which allowed a free inflow of foreign capital and kept taxes low. They thus prepared the ground for the growth of both local and foreign-owned concerns. In 1923, the state passed a Taxation Act, following this up with the Personal and Company Law some three years later. Add to these the advantages of a stable political system, a strong currency (the Swiss franc), and a central geographical location and it is not hard to see how Liechtenstein achieved its present prosperity.

The latest amendements on holding companies and trusts were made to the second of these laws. All commercially-oriented companies must now present fully audited accounts within six months of the end of their financial year to the tax authorities. Previously, only one type of company—the AG or Aktiengesellschaft (share company)—was obliged to do this, and then only if it had more than 20 shareholders.

The authorities hope that the obligation to appoint an auditor will discourage the less reputable companies and keep the reputable ones on the right path. Until 1983, when the first audited accounts will be due, there will clearly be a good deal of sifting and weeding and for the lawyers to do. All companies will have to be examined to see if they are commercial or investment management vehicles.

Declaration

For those set up to manage assets, there will be no requirement to submit a balance sheet. But they must give the public register a declaration signed by the board that a list of assets has been drawn up and that no commercial business has been carried out. For all types of company, though, the rules on qualifications of board members have been stiffened. The Liechtenstein director must be a qualified lawyer, legal officer, trustee, or accountant, or have a qualification recognised by the Government.

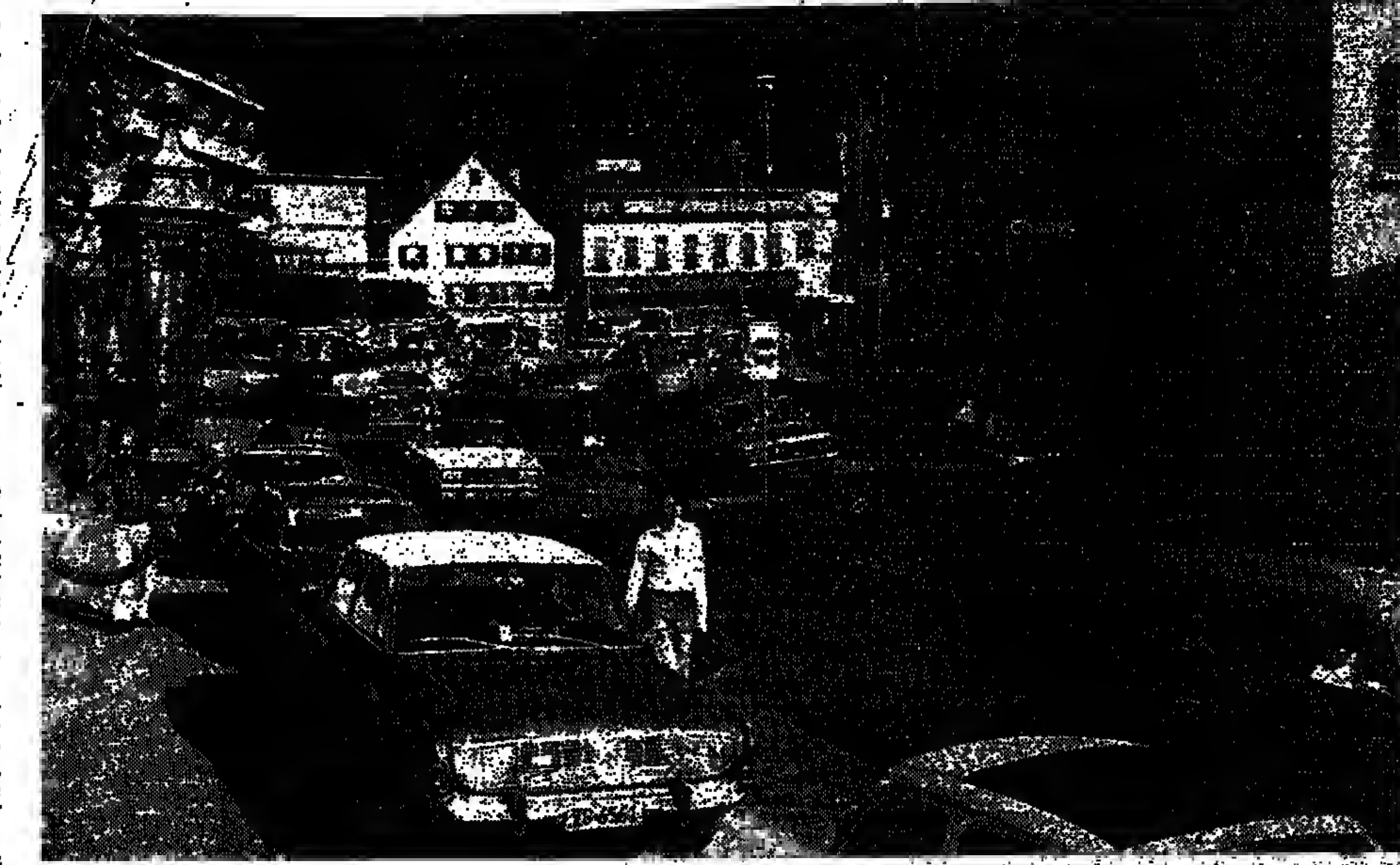
Often in the past companies were inadequately administered and audited, if at all, and the local directors had no real idea of what was going on. "The company was headless," says Wilfried Kaufmann, deputy director of Verwaltungs—und Privatbank, which is active in the trust and holding company sector. "The person pulling the strings from abroad, may have been doing illegal business and harming this country's reputation."

It is not unusual, says Dr. Karlheinz Ritter, another leading lawyer and president of the Landtag (parliament), for one large legal firm to look after several hundred companies. There are about 25 fully qualified lawyers in the Principality, along with a hundred or so trustees and legal agents. With the stricter auditing requirements, there will also be a need for more accounting skills, much of which will initially have to come from outside.

Will the legal changes cause any drop in revenue? Dr. Ritter says it is hard to be sure, though "it is possible that companies which are not quite clean will prefer to go away." Last year, the various trusts, AGs, foundations and those coming under the term of Anstalt which translates inadequately as "establishment" and tends to make foreign taxmen pick up their ears—paid direct taxes of SwFr 44.4m, two-and-a half times the 1972 level, and accounted for much of the Sw Fr 7.5m raised from the 4 per cent coupon taxes on dividends (mainly from the AGs). They also paid out several million francs in stamp duty and formation fees.

With total 1979 tax income at Sw Fr 146m, foreign holding company revenues clearly have a great deal to do with Liechtenstein's high living standards. But who could resist an annual levy of a mere 0.01 per cent of assets along with a cast-iron guarantee of anonymity for those content to stay legal?

Andrew Fisher



Main street in Vaduz. Anonymity for those setting up Liechtenstein companies has been strictly maintained

Banks show remarkable growth in assets

IN LIECHTENSTEIN they have grown used to many outsiders' hackneyed view of their country as an idyllic comic opera principality and a tax paradise, with a foreign holding company lurking behind every other letter-box.

They are concerned, on the other hand, that the pendulum should not be thought to have swung too much the other way. For all their business and banking expertise and surging post-war economic growth, Liechtensteiners do not see themselves as living in a financial centre on a par with Zurich, Frankfurt and London.

For one thing, there are only three banks—all of which have shown a remarkable growth in assets—and the country does not have its own currency. Nor is it large enough to provide the necessary infrastructure. Although its financial outlook has become *highly international*, Liechtenstein does not have a flourishing money and capital market.

Yet the Principality has built up a lively banking sector, and not simply on the back of the vast numbers of trusts and other financial companies from abroad that have set themselves up within its 62 square miles, squeezed in between Switzerland and Austria.

Liechtenstein, and its small capital of Vaduz, must be viewed in financial terms as an annexe of Switzerland. The currency is the Swiss franc, it has a postal and customs treaty with Switzerland, and vast amounts of the foreign funds which flow into the Principality find their way into Swiss banks for reinvestment on world markets.

The Principality's banks, of which the oldest and largest is the State-owned Liechtensteinische Landesbank, are all members of the Swiss Bankers' Association, though they have also had their own association since 1969. To put the matter in perspective, the total assets of the three Vaduz-based banks amount to only 1 per cent or so of those of all Swiss banks.

Influence

The second largest Bank in Liechtenstein is where the Prince owns the bulk of the shares. But he does not exercise any direct influence on its policies, nor does his shareholding give the bank any fiscal privileges. The newest and smallest of the three is Verwaltungs-und Privatbank (Private Trust Bank), set up as recently as 1956 and granted a full banking concession just five years ago.

Between them, Liechtenstein's banks achieved a total asset figure of SwFr 3.64bn (£960m) last year and are likely to pass the SwFr 4bn mark this year, which will put them more than 100 times above the immediate post-war level of three and a half decades ago. Liechtensteinische Landesbank will itself reach SwFr 2bn in August, says its director, Karlheinz Heeb.

"Our bank is very strongly anchored to the Liechtenstein economy," he explains. Formed in 1861 under the name of Zins-und Credit-Landesstalt (National Interest and Credit Institute); it resembles a Swiss cantonal bank in its emphasis on savings and mortgage business. The bank would now like to stretch its wings more on the international scene and is hoping the law can be amended to permit this. But, adds Herr Heeb: "We are and want to stay very conservative."

The bank's net profits rose by 6.3 per cent to SwFr 4.73m in 1979, with total assets up by 9.4 per cent to SwFr 1.84m. A significant part of its earnings now comes from commissions on securities and foreign exchange business, which have grown four times over the past 10 years, faster than the rest of the business. It is the size of its gross commission income—up 19 per cent last year to SwFr 4.3m—which sets it apart from the Swiss cantonal banks.

To accommodate the rapid growth in its business, Liechtensteinische Landesbank is building a new SwFr 15m administration block behind its principal branch on the main street of Vaduz. It is the only bank with branches outside the capital and also has nine cash-dispensers dotted around the Principality. So along with its growing international aspirations, notes Herr Heeb, it is still also a local village bank.

Karlheinz Heeb: want to stay conservative

As well as having one of the highest standards of living in the world, the people of Liechtenstein are also very thrifty. Thus the savings deposits at Liechtensteinische Landesbank have soared more than 320 per cent since 1970 to nearly SwFr 640m. It's mortgage business has also risen, though not quite so dramtically, over the period to more than SwFr 460m. At a mere 4 per

CONTINUED ON NEXT PAGE

هكذا من الأصل

Industrial prosperity rising steadily

LIECHTENSTEIN is not just Alpine scenery, a Prince's palace, and a collection of letterboxes. The meadows along the Rhine are the home of one of Enrope's most unexpected manufacturing centres.

By any standards, the tiny nation is one of the most highly *industrialised countries in* the world. Some 30 manufacturing companies belong to the Chamber of Industry, quite apart from a multiplicity of small producers.

Exports of visibles from Liechtenstein last year amounted to SwFr 760.5m ($466.5m), or the equivalent of $18,410 for each man, woman and child. Even though this includes some re-exports from foreign subsidiary units, it is an astonishing sum—four times greater than that for the export-orientated neighbour Switzerland.

The country's industrial prosperity is not of very long standing. Only a few generations ago there was little for the Liechtensteiner to do except emigrate or perhaps go to France as a seasonal worker.

The country was poor, with little to keep it going apart from modest farming. Such industry aa there was, mainly the sort of textile operations as in the neighbouring Switzerland and Austria, was badly hit by the First World War and the subsequent collapse of the Austrian currency. Not until the early 1920s did the principality enter the "Swiss-franc zone."

Real growth began after tbe Second World War. Taking industrial output as to be almost synonymous with exports in such a minuscule nation, sales to foreign markets more than doubled in the first half of the 1960s, then more than tripled again hy 1975. It bas riaen at an average annual rste of nearly 10 per cent since.

There are now only a handful of farmers—at the last count, only about 3 per cent of the working population compared with 34 per cent during the last world war. Industry is the big employer followed hy tourism and other service trades.

Apart from the residents of Liechtenstein, thousands of employees cross the horder each day from neighbouring areas of the Vorarlberg and eastern Switzerland. In companies helonging to the Chamber of Industry alone, almost 5,900 residents and non-residents were shown as employed at the end of 1979.

Enterprise

The growth of manufacturing activity in tbe past 30 years, supported by advantageous tax agreements—Liechtenstein taxation on operating companies is below the Swiss average—and boosted by the rapid increase in International demand, has been to a large extent the direct result of local enterprise.

Companies like *Hilti* AG, today the centre of an international group looking forward to a 1980 turnover of SwFr 1bn ($613m), the boiler specialist Hoval, or tha food products *company Hilcona, all evolved* from small local businesses in the principality.

Foreign concerns also realise that Liechtenstein offered more than simply holding-company virtues. The biggest investor bas been the Zurich-based Oerlikon-Bührla group. Balzars is the headquarters of the concern's division of the same name specialising in high-vacuum and tbin-film technology (divisional sales totalled SwFr 196.1m ($120m) last year), wbile Oerlikon-Bührle is also the parent of the metal-working company Press- und Stanzwerk AG in Eschen, whose sales —including those of a Frencb subsidiary—reached SwFr 80m.

Machine-building, precision engineering and metal-working account for the hulk of Liechtenstein's manufacturing sector, providing employment for almost three-quarters of the industrial labour force. Hilti and Hoval give work to more than 2,100.

Other major Industries are the ceramics, chemical and pbarmaceuticals product group and—still—the traditional textile sector, like Hoval, the Jenny Spoerry spinning and weaving group has lts roots in the 19th century.

Two of the more unlikely Industrial ventures which bave done remarkably well for themselves are the world's second biggest false-tooth factory (Ivoclar, of Schaan) and one of Europe's best-known sausage-skin manufacturers (Elastin-Werk, of Triesen).

The future for Liechtenstein industry looks quite bright. Business appears to be growing further this year after an 11.7 per cent Increase in exports in 1979. The decline of the Swias franc exchange rate from its peak in the autumn of 1978 has been a great help to manufacturers, even though some companies are still reporting pressure on prices. Profits looked up considerahly last year.

Hindrance

Nevertheless, the limits for further expansion appear to have been nearly reached. The main hindrance is the sbortage of manpower. Native Liechtensteiners *are difficult to recruit* —so few of them are unemployed or otherwise available— and the Government has had to introduce strict quotas on the entry of foreigners.

Already, 34.6 per cent of the resident population consists of aliens and the authorities have failed in their constant attempts to reduce these numbers. The foreign share of tbe industrial workforce is more like 50 per cent.

Swiss citizens have free entry to the Liechtenstein labour market but few are recruitable. The steady influx of Swiss in recent years has been a major reason for the politically undesirable "foreign infiltration" of the country.

The limits are heing reached in other ways, too. Liechtenstein has a total area of only 160 sq km, of which a large part is mountainside. There are land reserves in the Rhine Valley, but prices are high and therc are non-industrialised zoning plans.

New industrial projects are planned, among them a German-owned bicycle assembly plant and the large-scale expansion of the similarly German-controlled precision measurement instrument manufacturer, PAV. These new veotures could lead to a 10 per cent rise in the demand for labour.

Liechtenstein industry is increasingly building up its presence abroad. Seven companies have subsidiary works outside the country, and the past year has seen an acceleration in such investments, not only because of the labour shortage at home hut also in order to strengthen the companies' position on foreign sales markets.

A particular case is that of Hilti, an internatiooally-active producer of fastening systems for construction purposes, which has almost five times ae many employees abroad as io Liechtenstcin and is cngaged in a large investment in Oklahoma.

In spite of uncertainties facing the Swiss and Licchtenstein economies this year, the Chamber of Industry says manufacturers' expectations for 1980 are "mainly optimistic." In terms of employee-strength, 92 per cent of the country's iodustry views prospects *as* "good," and most of the remainder as "satisfactory."

Few countries can be feeling quite so sanguinc.

John Wicks

The country's industrial output is almost synonymous with exports

Problem of foreign residents

THE PRINCIPALITY of Liechtenstein probably has the largest share of resident foreigners of any European *country. At the last count,* nearly 35 per cent of the population consisted of aliens —even excluding the large number wbo cross the frontier daily from Austria and Switzerland as employees of Liecbtenstein *companies.*

There has never been an emotional reaction to the presence of so many foreigners comparable with that of the early 1970s in neighbouring Switzerland. This is dne partly to the fact that many residents with a foreign passport have lived in the Principality ali tbeir lives and may even belong to second nr third-generation resident families: It is extremely *difficult to come* by Liechtenstein nationality, applications having tn be apprnved by village. Government and Parliament.

The lack of serions opposition is also explained by the *cultural* and *linguistic* similarity of much of the foreign popnlation, tbe lion's sbare of wbich comes from Allemannic areas of Switzerland, eastern Austria and south Germany.

Nevertheless, the question of resident foreigners is a political problem. In 1971, the Government undertook to keep the share down to one-third of the population, a target which has never since been attained. The flourishing economy of the Principality suffers from a chronic sbortage of manpower, whicb the Chamber of Industry says *has been* a major factor in Liecbtensiein companies' investments in foreign capacities, especislly in the U.S.

There are now signs that lahour requirement will rise further in the next few years to man new *locally-based* projects, however, and it is hardly likely that this could he achieved hy recruiting Liechienstein nationals alone.

In fact, the Government is very restrictive in its immigration policy — with one exception: while citizens of other countries today find it most difficult to obtain a work permit, the Swiss henefit from a special agreement with Liechtenstein granting mutual exemption from immigration and labour-permit restrictions.

The Swiss, as one local politician pnts it, are the problem. Already, nearly one-half of the foreign population consists of Swiss and more are being attracted all the time hy the congenial working environment, low tax rates and the fact that residence ahroad means dispensation from military service.

In May of this year, Herr Hans Brunhart, Head of Government, said to a newspaper interview that the extent to which the immigration agreement with Switzerland conld he made "rather more elastic" shonld be examined, "so as to permit certain restrictive measnres in the two countries' mntnal interest."

This month, the Association of Liechtenstein Empinyees (LANV) used less diplomatic language in criticising the labonr-market situation in the light of *foreign recruiting* and *calling* for a halt in the growth.

The association, which wants to see such moves as the advertising of situations vacant io the local Press before pnblication abroad, points to a remarkable fact. Taking foreign residents, border-crossers and seasonal workers Into account, Leichtensteiners account for no more than 37.8 per cent of the conntry's workforce.

There is also a predominating foreign element in senior corporate staff. A survey carried ont hy St. Gall *students* recently showed that foreigners hold two-thirds of the executive posts (managers, deputy managers and chief clerks) In Liechtenstein's top 20 companies— more than one-third of all soch positions are staffed by Swiss.

In fact, the administration is itself already io the process of taking inter-governmental sieps. Earlier this year, Herr Brunhart had discussed the matter with M. Pierre Anbert, Swiss Foreign Minister, in Vaduz and it is now knewn that formal talks will be beld hetween the two countries this November.

Switzerland may be expected to show understanding for the Liechienstein position, baving taken rigorous steps of its own in the past to cut down a relatively mucb smaller foreign popnlation. Certainly, Switzerland is hardly suffering from a major influx of Liechtensteiners under the cnrrent agreement —only abont 1,850 live in the confederation.

J.W.

Banking

CONTINUED FROM PREVIOUS PAGE

cent or so, the country's mortgages are just about the world'a cheapest.

When Liechtensteinische Landesbank was founded the country waa still closely tied to Austria. But things were different in 1920 when Austrian companies and banks were desperate after their country's defeat in 1914-18 War to group themselves in holding concerns and have their affairs managed by a bank in a neutral country. Hence the origin of the Bank in Liechtenstein.

Surviving the onset of crisis-ridden 1930s proved traumatic, however, and it was then that the bank turned to the Royal Family. Many of the shares were then in German hands, but enough were acquired to ward off speculators and ensure tbat the majority of the capital was held in Liechtenstein. Today, Bank in Liechtenstein is wbat Continental Europeans call a universal bank, carrying out all kinda of business from small savings right up to large-scale foreign exchange and loan transactions.

Last year its total assets rose by just over a tenth to SwFr 1.26bn; by the middle of 1980, the figure was hovering just below the SwFr 1.4bn level. Net profits were nearly 6 per cent higher at SwFr 8.6m, and commission business provided a good deal of the earnings thrust. With the aim of expanding its asset management and investment advice activities, as well as housing its flourishing business in foreign stocks, it is also putting up a new building next to its present office.

"Wa bave no natural resources," says Dr. Egmond Frommelt, the hank's director, of Liecbtenstein's dependence on earnings from financial and other services. "We can only sell our finsncial know-how and our financial advantages, otherwise we couldn't exist." As well as its thriving stamp husiness, tbe country also capitalises on its political and economic stability, its low taxes, and its emphasis on strict secrecy in all financial dealings unless foreign laws have been hlatantly broken.

Know-how

Sioce 1960 Liechtenstein has *had* its own *bankiog law.* Its provisions are eveo stricter than those of its Swiss model, with stiff penalties for anyooe who transgresses the rules on hank secrecy. The principality has no double tax agreements with any country except Austria, and is thus not ohliged to hand over information to foreign anthorities.

It does, however, lend assistance in criminal cases, as does Switzerland. Bot its attitude towards foreign tax authorities is clear. "It's not our fault," asserts one banker, "if other countries pitch their taxes so high that people want to put their capital with us." Even for the native Liechteosteiner taxes are pretty low. "We are in a tax paradise," admits Bruno Sprenger, head of the tax office.

Unlike Switzerland, Liechtenstein has no withholding tax oo deposits and securities. But tbe Principality is seeking to simplify its tax system hy hringing in a general income tax rather than the present levy whicb favours those with large assets. There seems no great willingness to slap on a withholding tax at the same time, but Switzerland could possibly apply pressure here.

Clearly, life in a tax paradise is not without its drawbacks, as the various bank scandals of the 1970s — two of the largest involving Swiss banks and *Liechtenstein* address companies—have amply demonstrated. The Swiss, certainly, are not keen to let their small neighbour enjoy the benefits of its financial, currency, and customs protection without a corresponding effort in return.

Thus, they have moved to put the currency link on a formal footing—previously it was on a "gentleman's agreement" basis—with Liechtenstein keepiog its financial sovereignty but binding itself to Swiss central bank and monetary regulations.

Andrew Fisher

This page carries a profile of Prince Franz Josef, hereditary ruler of Liechtenstein and Europe's longest reigning monarch. Alongside are profiles of two of the industrialists who have contributed much to the country's prosperity.

Prince Franz Josef II

OF ALL contemporary heads of State, only the Emperor of Japan has reigned longer than His Serene Highness Prince Franz Josef II von und zu Liechtenstein. The Prince has ruled the tiny Alpine monarchy since 1938, the first of his House to make his permanent home in Vaduz Castle. He and his consort, Princess Gina, have been sincerely popular with their subjects since the dark days of the 1939-45 War when Liechtenstein was an undefended, but undefeated, country, through to the present era of prosperity and internal peace.

The Prince was born in Frauenthal Castle in Austria in 1906 — Liechtenstein's 25,000 inhabitants are already planning his 75th birthday celebrations next summer—as the son of Prince Alois of Liechtenstein and Archduchess Elisabeth Amalie of Austria. The family had always been Austrian-based since well before one of Franz Josef's forebears bought the Rhenish domains, later named after the family, at the turn of the 18th century.

After studies in Vienna, he obtained a degree in forestry management before taking over the administration of the family's former extensive estates in Czechoslovakia in 1929. Early in 1938 his great-uncle Prince Franz I handed over the regency and he succeeded as ruler some months later.

Despite its close connections with neighbouring Switzerland, Liechtenstein has remained a fully sovereign State, says the Prince. He points out that such rights as have been ceded to the Swiss are covered by voluntary treaties which are terminable by either side at any time. This means that Liechtenstein has a degree of autonomy not enjoyed by every country.

The agreements with Switzerland, which began when Liechtenstein took over the Swiss franc "without asking" just after the 1914-18 War, are both necessary and advantageous, in his view. Apart from the Customs and currency treaties, the Prince draws attention to Swiss services in such fields as the postal sector or patents which such a small country as his would be simply unable to handle alone.

"Switzerland would never bring pressure to bear which could in any way prejudice our independence," he adds, praising the excellent relations between the two countries. He is careful to stress that the Swiss do not represent Liechtenstein politically and that the Principality is beholden neither to Switzerland nor to any other country for its defence.

The Prince, who, when I spoke to him, had just returned from a brief trip to England—taking in the Trooping of the Colour at the invitation of the Queen and an outing to Glyndebourne—has close personal connections with the United Kingdom. Members of the Royal Family, particularly the Duke of Edinburgh, frequently pay private visits to Liechtenstein.

Art collector

Outside his duties as Head of State, the Prince is best known internationally as one of Europe's great art collectors. Some of his paintings, by Rubens and German masters, are on show in the National Gallery in Vaduz, while part of his arms collection is housed in the Liechtenstein Museum. Should a new art gallery be built in Vaduz—a referendum is pending on the subject—Prince Franz Josef would present a goodly number of his pictures on virtually permanent loan.

The Prince is also a keen sportsman and served on the International Olympic Committee from 1936 until announcing his resignation some weeks ago. Still very active himself, he is a keen skier, goes for long walks every day and organises his own boar hunts and pheasant shoots on family estates near Vienna twice a year.

He also has the unusual interest of higher mathematics. It was his favourite subject at school and he still has a professor visiting the castle once a week with whom he studies.

As far as the country itself is concerned, Franz Josef II has been closely involved in the rapid development of its economy. "When I became Prince many Liechtensteiners still had to emigrate—in part to Austria and Germany in the period immediately before the war, which was very unfortunate. It was always very much in favour of industrialisation here."

The Prince heads an important school of thought in his country which feels that a strong manufacturing base adds to the raison d'être of Liechtenstein and thus strengthens its sovereignty.

As well as personally involving himself with the promotion of industrialisation, the Prince also came out strongly in recent years in favour of the revision of corporate law now being carried through. He is very much aware of, and has deplored, some of the less desirable aspects of the letterbox business—though without wanting to scrap his country's important holding-company function as such.

He is, he told me, very much against the idea mooted in recent years of a commercial radio station working from Liechtenstein, though his objections would not apply if suggestions ever came to pass by which a religious, church-financed broadcasting unit were established there.

Prince Franz Josef is convinced that small and very small nations can make an important contribution to the modern world, particularly since their citizens are of necessity so actively engaged in political decisions. "Whether Liechtenstein joins the United Nations depends in the long run on whether the U.N. stands the test of time. At present, very few Liechtensteiners would be interested in joining, even though there are today so many precedents for membership of a very small country."

J.W.

Prince Franz Josef: popular since the war

Gustav Ospelt

IF ARCHITECTS' tastes had not switched away from fancy ironwork in the 1930s, Gustav Ospelt might never have left the metalworking trade followed by his father and grandfather and emerged as one of Liechtenstein's top industrialists.

As president and chief shareholder of Hoval AG, the heating and energy recycling group, Herr Ospelt now holds sway over the Principality's third biggest domestically-owned company with a turnover last year of SwFr 177m (£48m). As a private concern, Hoval discloses no profit figures, but earnings are forecast to grow faster than the 20-25 per cent sales advance seen for the current year to March, 1981. Altogether, it has six factories in four countries.

Once Herr Ospelt realised in the pre-war days that the trade which he had learnt as an apprentice no longer brought in an income, he decided on an arduous change of direction. He pinpointed the heating sector as the area to be in and embarked on a three-year course of evening classes. After a normal day's work, he would cycle the few miles over the border to Switzerland, catch the train for the two-hour journey to Zürich, sit through three hours of classes and return home, arriving back well after midnight.

He began to prosper in a modest way in his new occupation, running a business which eventually employed 25 people and adapting to the move from solid fuels to oil. He built a boiler which was oil-fired but could also be used for solids, gaining a reputation through the increased efficiency of this installation.

"It was then that he felt the need to win customers in industry, although local banks proved reluctant to help with finance. Nonetheless, enough orders came in from Liechtenstein and surrounding areas to point up the need for more skilled salesmen. So he teamed up with Gustav Herzog, whom he had met in Zürich, and formed a sales firm in Switzerland.

"Sales then went straight up," said Herr Ospelt, jerking his hand sharply into the air. "I concentrated on manufacture and development and Herzog looked after the orders." When the Second World War began and raw materials were hard to obtain, he turned to making fuel generators for cars, managing to keep his best workers throughout this period.

With the war over, Herr Ospelt brought in a kitchen-range which combined cooking facilities with a boiler large enough to heat a small family house. "This was alright until women no longer wanted to cook and heat together," he said. Oil-fired heating later began to take over with cooking gradually going electric.

The French post-war occupying forces in the western part of Austria wanted to install Herr Ospelt's range in the houses they had built. Since they couldn't get the foreign exchange to pay for these, he built a plant there; Hoval now has a major operation in Austria. Other countries where it is active include Britain, the United States, Switzerland, West Germany, Italy and Holland.

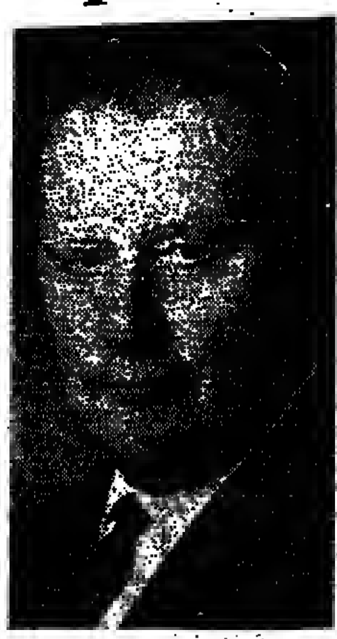
Today the Hoval group employs nearly 2,000 people, the general manager being Peter Frick, who married one of Herr Ospelt's five daughters. His son and two other sons-in-law are also in the business. The bulk of the business is in heating systems, with the rest in the energy recycling and energy-from-waste (pyrolysis) products developed after the 1973 oil crisis. "We saw the boiler side going down," said Herr Ospelt. "We had to compensate."

The group hopes that up to a quarter of its turnover will come from these new recycling products in 1981-82. Last year the proportion was around a tenth. It is working with a Milwaukee company, Kelley, on developments in this sector for the American market, where it also plans to build up its boiler business.

Like many self-made businessmen, Herr Ospelt is wary of being too heavily indebted to the banks. At the moment, there is a rough 40-60 relationship between its own capital and debt. Apart from Herr Ospelt himself as majority shareholder, Herr Herzog, his long-standing partner, and Paribas, the French banking group, also have sizeable holdings.

The Paribas link stems from the early 1970s when Hoval exchanged some of its shares for those of a French boiler manufacturer called Francia which it got rid of—for next to nothing when it ran into difficulties after the oil crisis. This was an awkward time for Hoval, admits Herr Ospelt, though the financial wounds have since healed. On the other side of the coin, Hoval does a good trade with the oil-producing countries, notably Iraq, with between 5 and 10 per cent of its business coming from the Middle East.

A.F.



Gustav Ospelt: wary of bank debt

Professor Martin Hilti

THERE CAN be no doubt about the identity of Liechtenstein's top businessman.

In a country which has no shortage of self-made men, Martin Hilti — Commercial Counsellor of the Principality, bearer of the Bavarian Order of Merit, Honorary Senator of Vienna University, and member of the prestigious advisory council of the Deutsche Bank — has definitely made the world league.

Professor Hilti, aged 65, heads the family company Hilti AG which he and his late brother, Eugen, set up as a five-employee engineering workshop in their home village of Schaan in 1941. He was 26 at the time, with degrees in applied mathematics from Graz and mechanical engineering from Wismar.

The company started off modestly, making a variety of equipment from machines and tools to sparking plugs. In 1948, the brothers took up a 30-year-old British patent for so-called direct-assembly installation, and so entered the specialised field of fastening systems.

The post-war building boom and the heavy demand for construction equipment made the company's fortune. The Hiltis decided in the early days that they wanted the world as their oyster, and began to establish a worldwide marketing organisation as an initial step.

In the 1960s and 1970s production also went international, with the building of a factory in the nearby Vorarlberg and the acquisition of companies in Germany, the U.S. and the UK. At the same time, the company grew within Liechtenstein.

Today, Hilti AG is the world's only thoroughly international specialist in hardware and consulting for fastening systems. With seven plants in Europe and two in the U.S., its total sales are expected to reach the SwFr 1bn (U.S.$610m) this year. This makes it the biggest company in Liechtenstein and one of the larger family undertakings in central Europe.

Martin Hilti is not the sort of industrialist who professionally looks on the dark side. Not a redundancy or an hour of short-time working resulted from the mid 1970s recession. "If you can adjust to a situation, you can master it," he says. Executives on his staff who took up a less positive attitude were the only casualties of the lean years.

Capital was short when the company started nearly 40 years ago. But conditions were favourable, at least in the immediate post-war period, with low interest rates, plenty of manpower available, and fast-growing sales markets.

The scene in Liechtenstein has changed since then. Interest and tax rates are still low, energy costs are at least below comparable German and Austrian levels, and there is still some reserve of land available. The big problem, Professor Hilti says, is manpower, particularly in the light of the already very high share of foreign workers in the country. Hilti is still expanding in the principality, but with a simultaneous move towards a higher degree of automation.

The future for the company is a multinational one. Martin Hilti reckons on growth in real terms of some 7 per cent annually on the company's world markets.

An increasing amount of the necessary production will come from foreign plants, where 6,600 of the company's 8,000 employees are now based.

A major new commitment has been the initial expenditure of $21m on a centralised Hilti plant in Oklahoma, which will eventually serve the whole of North America. The U.S. will remain an investment stress-point in the next few years, Professor Hilti says, but there will be a "parallel development" in Europe.

The group is beginning to examine prospects in the Far East.

The plan to expand, largely in existing product lines, during the next 10 years will require plenty of capital. The question of going public frequently appears on the Hilti board agenda, says its chairman and managing director. "But," he adds, "we don't need to yet."

J.W.

Martin Hilti: modest start in engineering

Foreign policy shows belief in country's wider role

SMALL AS it is, Liechtenstein believes it has a part to play in the councils of the great.

Although most of the principality's foreign relations are carried out on its behalf by Switzerland, this has not precluded an active foreign policy by the Government in Vaduz. A measure of direct participation in international affairs is seen as an integral part of national sovereignty.

The country believes it has something to offer the world, not least because of its size. Dr. Gerard Batliner, Vice-President of the Diet and leader of the Liechtenstein delegation to the Council of Europe, claims small nations have a special role on the international stage.

With little power of their own, he says, they are particularly interested in peaceful co-operation and the rule of law in relations between countries, quite apart from their natural zeal to protect individual nations from being forcibly brought into line.

Recognition

At the same time, the principality sees a strengthening of its own position by maintaining a presence on the world scene. While Liechtensteiners have no doubts about their own independence, explicit recognition of the country as a sovereign state by the international community has been a direct result of the country's membership of significant organisations.

A special case in point was when Liechtenstein applied to accede to the International Court of Justice in 1949.

Countries such as Liechtenstein which do not belong to the United Nations may join the signatories to the corresponding charter except in the case of "colonies, protectorates or other territories which are not independent states."

A committee which examined the question of sovereignty decided that Liechtenstein was an independent state. Ironically a dissenting opinion was given by the representative of Byelo-Russia.

Since joining the International Court of Justice in 1950, Liechtenstein has become a member of five other international organisations, a number of United Nations bodies and more than 50 multi-national conventions and agreements. Bilateral agreements have been maintained and in part supplemented with Switzerland—economic and monetary union makes close links with the Swiss an essential consideration—and also Austria, Italy and West Germany.

Vaduz has not been prepared to be viewed as an appendage of Switzerland in international treaties. Liechtenstein belongs to the European Free Trade Association by virtue of a special protocol to the agreement and insisted on a supplementary document when Switzerland set up its free-trade treaty with the European Community in 1972.

Liechtenstein's accession to the Council of Europe in 1978 was an important step. Left-wing representatives in Strasbourg felt uneasy about Liechtenstein, not only because of its apparent dependence on Switzerland and the fact that the Council would be expanded by a right-of-centre delegation, but also because of the country's much-vaunted letterboxes for tax avoidance.

The Council's political affairs committee looked closely at Liechtenstein's qualifications and produced a majority report proposing that the principality should be granted representation in the Assembly. The only black remark in the report was the expression of regret that female suffrage had not been introduced, with the "sincere hope" that this be changed as soon as possible. The parliamentary delegation consists of two politicians, with two deputies, while a permanent Government representation is headed by Prince Nikolaus, third son of the ruling prince.

The Strasbourg committee, finding Liechtenstein to be an independent and sovereign state despite the entrusting of certain sovereign prerogatives to Switzerland, was impressed by the arguments advanced when the application to join the International Court of Justice was being processed in 1949.

It also noted that the country was a signatory in Helsinki to the Final Act of the Conference on Security and Co-operation in Europe.

In the meantime, Liechtenstein has become an established member of the Council, and it is likely that one of its representatives will be Vice-President of the Parliamentary Assembly next year.

Critical

In time Liechtenstein may become a member of the United Nations, irrespective of what Switzerland decides. Now is not the time, though, since the Liechtensteiner, like the Swiss, is critical of the UN and unlikely to approve entry if the necessary referendum was held.

An important consideration for such a tiny country is the manning of new posts abroad. The "militia Parliament" and the small Civil Service have to work hard to meet existing duties abroad, as in the case of parliamentarians in Strasbourg. Although Liechtenstein operates only one embassy—in Berne—the critical Council of Europe committee deemed it had the "capacity to sustain international relations".

Official support for development aid began in 1961 with payments primarily to help Liechtenstein missionaries in the Third World. The Liechtenstein Development Service, formed in 1965, foresees future expenditure of some SwFr 500,000 a year, mainly through small donations of a bilateral nature and partly through the agency of missionaries.

Of the private aid organisations, as important in Liechtenstein as official programmes, a particularly significant part is played by the national Red Cross, headed by its founder Princess Gina. This channels substantial sums into the Red Cross movement. With SwFr 20 per head of population, the collection for Hungarian refugees in 1956 was the most successful in the world.

The country is increasingly aware of the outside world, not least in the light of the importance of its export-oriented industry and the fact that more than a third of its inhabitants are foreigners.

There has been tremendous pride in the performance of Liechtensteiners at the Winter Olympic Games. It is a measure of the significance which the principality pays to its international role that Parliament decided, at considerable cost to the Exchequer, to pulp an already-printed series of stamps for the Moscow Games as a protest against the invasion of Afghanistan. Liechtenstein's Olympic Committee is one of the few in Europe to boycott the Games.

More and more Liechtensteiners are coming to agree with the basic premise advanced by Dr. Batliner: "A state can retain its identity today only as a member of the community of states. Countries cannot keep themselves in artificial isolation."

J.W.

هكذا من الأصل

Tourism based on day-trip excursions

MOST VISITORS to Liechtenstein see little more than a crowded street, a cafe terrace and the inside of a souvenir shop.

The capital village of Vaduz is a powerful magnet for trippers, with dozens of coaches and hundreds of cars arriving daily at the height of the season.

Visitors generally stay long enough for a snack—sometimes beside the bus—before strolling along the high street to post a card, buy a gift and perhaps stock up with cut-price cigarettes.

The major attraction is simply visiting a tiny principality. Liechtenstein is easily accessible by road from Switzerland, eastern Austria and the south of Germany, is set in splendid Alpine scenery, and makes an ideal day-trip.

About 80 per cent of the country's tourism is based on the excursion trade, largely into Vaduz. Not that the capital is unworthy of a visit; apart from its attractive setting in the shadow of the Prince's castle, it boasts two excellent art galleries, two museums, and a couple of memorable restaurants, which is good going for a village of fewer than 5,000 inhabitants.

But there is much more to Liechtenstein than can be seen in the course of a day trip. Its territory of 62 square miles consists of 11 communes running from the right bank of the Rhine to the 8,000 ft peaks of the Rhatikon Alps. The high degree of industrialisation rarely disturbs the view because the numerous factories are "clean" and relatively unobtrusive in the lowland meadows.

Welcome

As welcome as the trippers are, the National Tourist Office is keen to develop the overnight trade, which is of much greater value to the economy.

There are about 1,500 beds available to tourists as well as 83 private rooms, nearly 100 holiday apartments and camping sites.

Tourism in the principality, like that in neighbouring Switzerland, has been hit in recent years by the high exchange rate of the Swiss franc. The number of bednights in hotels and boarding houses last year totalled 160,178, or 16 per cent down on the 1972 record.

Like the Swiss, however, Liechtensteiners have recently seen an increase in overnight tourism. Stabilisation of the exchange rate and excellent skiing conditions resulted in 21 per cent more custom in the first quarter of 1980.

Winter sports are an important part of the country's tourism, the most famous devotees of the Liechtenstein slopes being Britain's Royal Family. Welcome publicity came with the success of local skiers in the Winter Olympics at Lake Placid.

On a more regional basis, the main Liechtenstein ski resort of Malbun is also relatively cheap. Last winter, a day ski-lift pass cost SwFr 19 (£5) for adults, SwFr 10 for children, and a weekly pass SwFr 65 and 35, respectively. This attracts many Swiss day visitors, as well as the holidaymakers paying from SwFr 20 (single room without bath) to SwFr 100 (double, with bath or shower) a night.

The Triesenberg commune, to which Malbun and the cross-country skiing resort of Steg belong, is the most popular for overnight tourists. The area is expanding its already considerable tourist facilities, the latest addition being a second chairlift installed in Malbun last winter. The same resort also offers four ski-lifts and an ice rink.

A further ski-lift operates from Steg, the site of the partially floodlit Valüna-Lopp loipe.

The majority of summer visitors stay in lower-lying areas, not only in the centres of Vaduz and Schaan (where at least some of the guests are businessmen rather than holidaymakers), but also in such less urban communities, the hillside village of Triesen or the old settlement of Eschen in the Unterland region close to the Austrian frontier.

Triesenberg remains popular out of the winter sports season.

Liechtenstein's tourism policy is aimed at increasing the overall number of bednights by improving occupancy, particularly in the off-season. The goal is to make existing hotels and restaurants, most of which are only small, more attractive rather than to build new ones. The average length of stay in an hotel is little more than two nights.

Liechtenstein is able to offer facilities to congress tourism. Generally, the interest is in smaller meetings—usually up to 100 people—though one Swiss organisation held a meeting for 1,000 delegates.

Levies

The country spends—in relation to its size—a lot of time and money in promoting tourism. About 500,000 brochures are published annually in various languages, and all Swiss embassies and consulates are supplied with material. The National Tourist Office, which is partially financed by Government funds and partially by tourism levies and lodging taxes, works abroad in co-operation with its Swiss counterpart.

West Germany and Switzerland provide most visitors to Liechtenstein with the U.S. and UK providing the next biggest contingents. Recently there has been a sudden influx of visitors from Australia and New Zealand, taking in the principality as part of a European tour.

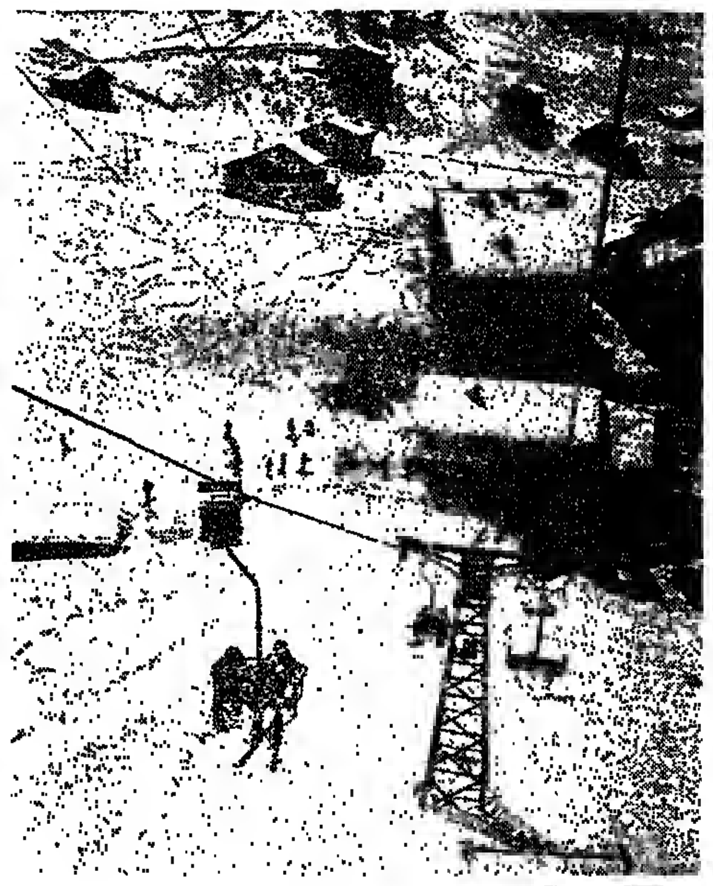
The fact that Liechtenstein has no airport or heliport (a recent suggestion for the latter failed due to local opposition) and Vaduz is without a railway station does not appear to be a major obstacle. The country is close to motorway systems and only a bus ride away from the railheads of Sargans in Switzerland and Feldkirch in Austria. The road journey from Zurich airport takes 1½ to two hours.

The best form of transport for getting around Liechtenstein is the postal bus. A new offer is of a week's ticket giving unlimited travel in the principality for SwFr 20 (SwFr 10 for children).

The Austrian Federal Railway serves the northern part of the country, running between Buchs in Switzerland and Feldkirch via Schaan. An even better way to get around is on foot: there is an excellent network of footpaths leading from the river up to the highest mountain valleys.

J.W.

Above: The Castle of Vaduz, residence of Prince Franz Josef, and (below) ski lift at the winter sports centre of Malbun



Postage stamp issues bring vital revenue

EARLIER THIS year, as the debate about the Moscow Olympics was at its most intense after the Soviet invasion of Afghanistan, the Principality of Liechtenstein was faced with a difficult decision.

Having decided to boycott the summer games, it resolved to make a rather more telling gesture. With stamps one of its chief sources of revenue—at least SwFr 20m (£5.4m) a year—the country went ahead and destroyed the whole of its Olympic commemorative issue, more than a million stamps at a cost of over SwFr 3m.

The stamps were taken over the border to Switzerland for burning; the only ones left are the sets on display in the Vaduz Postal Museum and a few not yet returned by journalists or catalogue compilers. The Government was aware of the risks involved in trying to destroy the whole issue and is considering possible legal action to pull back the few advance copies. From now on, only slides will be sent out ahead of an issue.

Curiously, says Hermann Hassler, head of the Office for Postage Stamp Design, the stamps sent as far away as the Far East and North America have all come back. Those still hanging on, presumably in the hope of a nice fat profit, are all in neighbouring German-speaking countries.

It is here that most of the subscribers to Liechtenstein's regular but limited annual stamp issues are to be found. Other countries such as the U.S., Britain and the Netherlands also have keen collectors, but the chief interest stems from Switzerland, Austria, and West Germany. More than 80,000 people subscribe to Liechtenstein stamp issues, with the number of occasional buyers bringing the total to well over 100,000.

Since this is at least four times the country's whole population, Liechtenstein is clearly dependent on its ability to spread interest as widely as possible. In this connection, the Olympic issue sacrifice—there were no such troubles with the stamps put out for the Lake Placid winter games—may have had its positive side. American television crews turned up in Vaduz when news of the destruction was known and American interest in future issues may receive a boost. Nonetheless, comments Hugo Meier, who runs the Official Philatelic Service: "It was a costly exercise in promotion."

Withheld

Had it been up to him, he adds, the stamps would not have been destroyed. As it was, the whole of the June issue (including the sets on the 50th anniversary of the Postal Museum and old Alpine dairy farming equipment) had to be withheld. The museum and farming stamps will now be issued in September. The proposed three Olympic stamps, depicting sports stadia in the principality, were bright green, blue, and orange respectively.

Because of this decision, the nominal value of this year's issues—different ones are sent out each quarter—will be around two francs less than the usual SWFr 18 (nearly £5). Last year was an exception because the Post Office also required a SwFr 20 stamp, but Liechtenstein aims to keep the value of its issues as low as possible to avoid charges of trying to squeeze too high a profit from its regular subscribers.

Although the main concentration is in Europe, Liechtenstein's stamps are collected in at least 110 countries. The Principality first began issuing its own stamps in 1912. Before that, the Austrians had been involved in running its postal service, and their stamps were still valid in Liechtenstein until the postal treaty with Vienna ran out in 1921 and was replaced by an agreement with the Swiss.

Since then, Liechtenstein has issued hundreds of different stamps, concentrating increasingly on high artistic and printing qualities. "We think our stamps are among the highest quality in the world," enthuses Herr Meier, whose department looks after the marketing and sales side. Because of the small size of each edition—nearly 11m stamps were issued in 1973, the last year for which full details have been published—the country can afford costly printing processes with six or more colours.

He reckons that the photogravure or line engraving techniques of the leading Swiss and Austrian firms generally employed are two to three times as expensive as normal stamp printing methods. A look under the magnifying glass at the extraordinary detail in the stamps due for the autumn, depicting trees through the seasons, gives an idea of the skills and quality involved.

Risks

High standards do have their risks, however. A British printing firm was used for the first of the country's Europe stamps in 1960, showing a beehive design on a bright green background. Demand for this issue, which more or less started the growing interest in Liechtenstein stamps, was heavy but quite a few had to be held back because of inadequate quality. As a result, the issue has risen sharply in value.

Nor is this the only time such a leap has occurred, much to the delight of regular subscribers who are assured of their supply even if part of the issue has to be withdrawn. In 1975 the quality of part of the issue showing the Imperial Insignia of Austria was not thought adequate and not all were issued. Thus the eight-stamp sheet with a nominal value of just over SwFr 10 is now worth at least 40 times as much.

Liechtenstein's most valuable stamp was issued in 1934 to mark its first national exhibition in the capital of Vaduz. An undistinguished brown colour, showing the national coat of arms, the large SwFr 5 stamp in its individual sheet with an ornate surround is now valued at more than SwFr 5,000, or SwFr 6,500 if franked on an envelope.

This was a case of stamp, large and costly for these days, rising sharply in value after initial lack of interest abroad which brought about its restricted circulation. But a spectacular example of how printing mistakes can boost a stamp's worth is provided by some produced in the late 1960s for official Government business. Because these were printed on white paper—the printers had run out of the yellow paper then used—they are now worth a great deal to collectors.

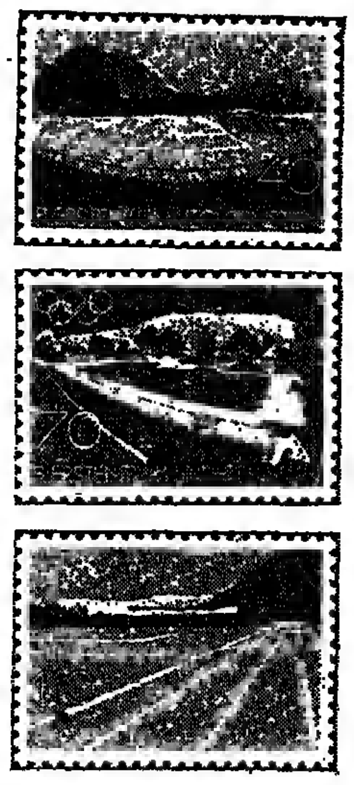
Two sheets of these stamps with a total nominal value of SwFr 23 are new worth SwFr 2,600 in mint condition and as much as SwFr 7,000 with postmark. The individual stamps — of 55 and 60 cents — are respectively valued at SwFr 110 unfranked (SwFr 300 with postmark) and SwFr 20 (SwFr 50). These were not part of a normal stamp issue, but can still be bought by collectors.

Despite the excitement of such surges in value, it is the bread-and-butter business which makes stamps so important. With stamp revenues contributing about 10 per cent of the budget, regular subscribers must clearly be nurtured. Customers with standing orders do not, for instance, have to pay postage; and they can specify whether they want their stamps mint or postmarked, in full sheets, on first-day covers with single stamps or full sets, or both franked and unfranked.

Ideas for stamp themes generally come from Herr Hassler himself, with international commemorative issues generally having a local tie-in, as with the abortive Olympic series. The earlier Lake Placid set, for example, depicted ski areas in Liechtenstein. Most of the artists used are from the principality, although Swiss and Austrians are also used. At present he is planning for 1982.

Casual sales to tourists wandering through Vaduz also make up a useful part of Liechtenstein's stamp income. With this summer the rainiest of the century there, dozens of tourists can be seen scuttling into the modern sales office on the main street to buy a few stamps as souvenirs or to send home. Herr Meier estimates that well over SwFr 1.5m worth are sold directly in this way, with some 43,000 tourists, collectors and dealers making on-the-spot purchases each year.

A.F.



The issue of three Olympic stamps which were destroyed at a cost of SwFr 3m after Liechtenstein decided to boycott the Moscow games

LOMBARD

Flaws in the Tory approach

BY PETER RIDDELL

THE GOVERNMENT has a case to answer oo its economic policy in the oo-confideoce debate this afternoon. Labour may have no plausible alternative approach on offer—at any rate oot one which will command general support within the party. But that does oot let the Tories off tbe hook without detailed scrutiny.

The Government's economic record has so far been patchy. There have been obvious pluses (the end of exchange controls and the medium-term financial strategy) and obvious minuses (the increase in VAT, tbe wasted first six months and the confusion over energy prices and housiog). These points are clearly important but they are essentially subsidiary to tbe central doubts both about the Government's view of economic behaviour and about its handling of the public sector.

Vote-catching

The Treasury team may feel confident that its policies are working but that conviction is not shared by many other Ministers, Tory backbenchers, civil servants and industrialists, let alone the Opposition. This scepticism can be dismissed as the predictable jitters of people wbo never really supported, and in many cases never uoderstood, the Thatcher experiment in the first place, apart from the vote-catching tax-cutting promises.

The doubters matter. Their existence shows the isolation of the committed Thatcher team in Whitehall and Westminster. This is in itself important since it has influenced the approach of Ministers. The result bas been a single-mindedness and ao apparent inflexiblity which has been reinforced by the personality of the Prime Minister. At the same time the constant searcb for alleged U-turns has in practice limited tbe scope of the policy debate aod the Government's optlons.

Some supporters of the economic strategy argue that if these pressures produce an almost Jesuitical determination this is no bad thing. There are, after all, pleoty of Ministers and officials only too eager to argue for a change of direction and, in most cases, for an incomes policy. On this view a bit of single-mindedness (or insensitivity) is necessary and aoy special help to industry would only weaken companies' resolve to resist pay claims just at a time when victory over inflation is in sight.

This approach tends to ignore the fact that Ministers are also politicians whose job is to persuade and to win consent. Sir Geoffrey Howe lays great stress on his role as educator. But the Government's actions have not borne ont these aspirations. The most obvious example has been the failure to produce e youth unemployment package until after the wbolly expected summer bulge in the number of school leavers out of work. Similarly, Mrs. Thatcher's comments last week about the unemployed moving to find work may have had merit in principle but they were a long way from the reality of a father with a large family on Merseyside. The Prime Minister's comments would also carry more conviction if the Government had actually done anything substantial to assist housing end job mobility.

Major questions

Even judged on the Prime Minister's terms, moreover, there are major questions to be answered about wbether the Government has made sufficient progress in bringing the public sector under control. For all the anguisb of the repeated cuts exercises, the problem of public sector pay and manpower has yet to he tackled effectively. There remains the danger that the private sector will he squeezed while the public sector improves its relative position and, incidentally, pushes up public sector borrowing. It is this which should really be concerning MPs this afternoon, not some exchange of slogans between "wets" and "dries."

Luscious bottles from Austria

WINE

BY EDMUND PENNING-ROWSELL

THE ONE Austrian wine name interoationally known — though perhaps not all that widely consumed — is Gumpoldskirchen, produced in and around the attractive little town of that name a dozeo miles south of Vienna, and near to the charmingly laid-out spa of Baden, the setting for all thst cbampagne drinking in *Die Fledermaus*.

Gumpoldskirchen is, in fact, a wioe district rather than a wine, for the latter will vary according to the grapes from which it is produced. The two trsditional varieties are the Rotgipfler and Zinfandler, also known as the Spätrot, but the most widely planted variety is another Austrian grape, the Neuberger, while types to be found elsewhere in the country can bear the Gumpoldskirchen label — even a red wins.

Average production is only 20,000 hectolitres (hl) and it is alleged in the district that a great deal nf wine sold elsewhere under the label is nothing of the sort, although there are now authenticating seals on the right bottles, and even a special selection known as Königswein.

A typical Gumpoldskirchner is fairly full-bodied, slightly earthy in flavour and with a touch of sweetness more obvious in the higber categories of Spätlese and Auslese, and I found these mucb the most distinctive. I tasted a Zinfandler Auslese '54 and a Rotgipfler '51 that were ripe, round but still fresh. But these were rarities and at more ordinary levels I would not think of Gumpoldskirchner as an exceptibnsl wine, though an agreeable and relatively inexpensive one.

If it is really luscious wines that one is looking for, these will be found not mnch further south, near the large but reed-infested Neusiedlersee in Burgenland. Although a wine-growing region from the earliest times—and it was part of Hungary for a thousand years until after World Wer I, and even now a "finger" of that country around Sopron almost bisects the province—in maoy ways it is a new area. For the vineyard area has risen in the last ten years from 12,000 hectares (ha) to 20,000 hs, while types of wine are made there that were almost unknown a generation ago.

These are the rich, immensely concentrated Beerenauslese, Ausbruck and Trockenbeerenauslese wines produced in remarkable, and for the existing market, excessive quantities. This derives from the unusually warm, humid climate in the lake region, resulting in a proliferation of the "noble rot" *(botrytis cinerea)* that gives a special character to fine Sauternes and to the much rarer luscious wines of the Rhine and Moselle. These exceptional conditions also ensure a far higher proportion of Kabinett, Spätlese and Auslese wines than elsewhere in Austria —up to one-third of an average ontpnt and not much short of 1m hl.

Although the Welschriesling is the grape most planted, these rich, raisiny wines are produced from many other varieties, including the Traminer, Weissburgunder, Rülander, and even from black grapes. Moreover I tasted a red Essencia, made like Tokay Essence, with no pressing of the grapes and only the weight of grapes in the vat breaking the skins and thus starting the fermentation. The colour of tawny port, it was extraordinarily rich and concentrated: a delicious liqueur rather than a wina.

It is scarcely surprising that the local growers, generally also engaged in mixed farming, are immensely proud of these specialities. Unfortunately, though, there is little demand for them in Austria, and they depend almost entirely on Germany, which takes at least three-quarters of the output. Tbey are shipped to Germany not just in hottle but in container loads, where, it is alleged, they are hlended with German wines and sometimes pssed on as such to the U.S.

Much cheaper than similar German wines, tha production is so large that prices have been falling. Two years ago a litre of Trockenbeerenauslese sold ex-cellar for 80-90 schillings (£2.60 to £3), a year ago for 70-80 schillings and this year, I was told, it could be bought for as low as 50 schillings.

The main centres of the trade are Rust, on the west sida of the Neusiedlersee, Gols to tha north, and several villages on the Seewinkel (Lake Corner) on the east, a wina district scarcely more than 20 years old. The Rust wines are generally considered the best, with more scidity, though the Seewinkel wines may develop more quickly and are indeed delicious at an early age. Treated almost like liqueurs these are not expensive wines, and should appeal to enterprising wine merchants and their more enquiring customers.

The reverse side of this luscious wine-making is that the ordinary wines tend to be too alcoholic and lacking in acidity. To prevent them being too strong, the fermentatinn is stopped, but this leaves the wines rather sweet and flabby. Selling as low as six schillings (20p) a litre, they are not particularly profitable for the grower.

There is no problem of selling or of profit in Styria, the smallast Austrian wine region on the borders of Hungary and Yngoslavia. Most of its mere 2,400 ha are distributed throughout hair-raisingly steep vineyards in this lovely green, mountainous country, much favoured by Austrians for their holidays. As production is so small—only one-third of total local consumption — Styrian wine is rarely to be found outside the province, and to drink a selection one must go there.

There are three separate districts: around Feldhach and Klöch in the extreme south-east of the country, to the south of Graz and Leibnitz, and in West Styria near Stainz, whose only 200 ha are largely devoted to a very dry rosé called Schilche, which I found rather austere for my taste, but is much esteemed in the local farm restaurants known as Buschenschanken.

Otherwise the grapes employed are much the same as elsewhere in Austria. Owing to the high altitude of many vineyards they have good halance of acidity, but the wines that particularly appealed to me were the Traminers and Gewürztraminers, which on the whole lacked the very insistent, aggressive flavour often found with them in Alsace and Germany.

In the current trend towards dry white wines, those from Austria should find a ready place: the cheaper varieties from the Weinviertel in the north, tha fine, elegant Wachau wines for the more sophisticated tastes, and the luscious Burgenlanders for those who enjoy dessert wines but find German ones too expensive.

It is appropriate to end by mentioning some excellent Austrian liqueurs made at the Zwack distillery in Klosterneuberg, the great wine and wine research centre just outside Vienna. Originally an Hungarian firm that administered to the sweet tooth of the Hapsburgs, they moved to Austria, but still prodnce the types popular in Hungary, including the famous Barack Palinka, which is an apricot eau-de-vie not a liqueur and is often drunk as an aperitif.

They make an apricot liqueur too and a Viennese coffee one that is much less sweet than some, as well as a particularly sednctive pear liqueur. If regular sources of Austrian wines in Britain are hard to give, these liqueurs are sold in Britain, ranging in price from £8 to £10 and the agents are F. and E. May, 66-69, Great Queen St., London, WC2.

Good prospects for Overtrick

RACING

BY DOMINIC WIGAN

GIVEN THE right weather, Goodwood's five-day July festival ranks alongside Ascot, Newmarket and York as one of the four most enjoyable meetings of the summer. Provided that there are not too many teething troubles witb the new grandstand and other innovatioos and the weather bolds good, Goodwood agaln looks set to provide a memorable meeting.

Although today's opening card features tbe group one Gordon Stakes, the main interest of the afternoon for the vast majority will he the task of trying to sort out the Stewards' Cup winoer. Twenty-nine bave accepted for this listed prize, which has a new sponsor in Dalgety Spillers following the merger of those international companies earlier this month.

In a wide-open race for this valuable prize, which sees a £1,000 bonus for the successful breeder, the win and place prospects of Overtrick and Queen's Pride must be respected.

The Arundel-trained Overtrick, for whom Pat Eddery was booked nearly three weeks ago, has heen steadily returning to his best form over the past couple of months. A close fifth behind Queen's Pride in the Wokingham Handicap at Royal Ascot, wbere he was attempting to give the winner 16 lbs., John Dunlop's charge went on to run an even hetter race in the £6,000 Home Ales Gold Tankard at Nottingham 10 days later. There, Overtick failed by only half a length to give a stone to Hurworth House after a prolonged struggle.

It is interesting to note that Hurworth House, who had heen set to renew rivalry this afternoon on 3 lb worse terms, has not accepted.

There have been few more successful trainers at Goodwood in recent seasons than the 34-year-old Barbados-born Michael Stoute, who in July last year won 11 races from 33 three-year-old representatives. It will he disappointing if the impeccably bred Our Home cannot help to maintain that impressive strike rate with a win in the New Stand Stakes. She will certainly find no better opportunity of opening her account in a race which boasts £10,000 added prize money.

GOODWOOD

2.00—Our Home***
2.30—Marwell**
3.10—Queen's Pride*
3.45—Rankin
4.15—Varuna
4.45—Martin Philip

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.50 Noah and Nelly in Skylark. 9.55 Jackanory. 10.10 Jigsaw. 10.35 Why Don't You? 10.55 Cricket: Fourth Test: England v West Indies. 1.15 pm News. 1.30 Trumpton. 1.45 Glorious Goodwood. 4.00 Cricket: Fourth Test.

5.30 Olympic Grandstand.
5.40 News.
5.50 Olympic Grandstand.
6.55 Tuesday Film: "Blue Water, White Death."
8.30 Rings on Their Fingers.
9.00 News.
9.25 "Scruples."
11.00 Light of the 21st Century (Investigation into lasers).
11.50 Weather/Regional News.

All Regions as BBC1 except as follows:

BBC CYMRU/WALES—1.30-1.45 pm Heads aod Tails. 6.55 Wales Today Bulletin. 7.00 Heddiw. 7.30 Daffy Duck. 7.35-8.30 It's a Celebrity Knockout (Members of The Lord's Taverners v The Rest of the World). 11.50 News and Weather for Wales.

Scotland—1.10-1.15 pm The Scottish News. 11.50 pm News and Weather for Scotland.

Northern Ireland—11.50 pm News and Weather for Northern Irelaod.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
1.35 pm Cricket: Fourth Test.
4.15 Play School.
4.40 Hong Kong Phooey.
4.50 John Craven's Newsrouod.
5.00 Ask Aspel.
5.25 Fred Basset.
†5.30 Buzzing Around with Fatty Arbuckle.
5.50 Nationwide (London and South East only).
6.15 Laurel and Hardy io "Dirty Work."
6.35 B. Traven: A Mystery Solved.
7.35 Mid-Evening News, including sub-titles.
7.45 Dallas.
8.35 My Music.
9.00 The Six Wives of Henry VIII.
10.30 Cricket: Fourth Test highlights.
10.45 Newsnight.
11.45 Open University.

BBC2 Wales ooly—5.00-5.30 pm Yr Awr Fach. 5.50-6.15 Wales Today.

BBC2 Scotland Only—5.50-6.15 pm Reporting Scotland.

BBC2 Northern Ireland Only—5.50-6.15 pm Scene Around Six.

BBC 2 England Ooly—5.50-6.15 pm Look East (Norwich); Look North (Leeds, Newcastle); Points West (Bristol); Look Northwest (Manchester); South Today (Southampton); Midlands Today (Birmingham); Spotlight South West (Plymouth).

LONDON

9.30 am Wilkie on Water. 10.00 A Big Country. 10.25 World Famous Fairy Tales. 10.40 Young Ramsay. 11.30 Bailey's Bird. 11.55 The Animates. 12.00 Cockleshell Bay. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. 2.45 General Hospital. 3.45 Tell Me Another. 4.15 Under the Same Sun. 4.45 Extraordinary. 5.15 A Sharp Intake of Breath.

5.45 News.
6.00 Thames News.
6.30 Olympics '80.
7.15 Best Sellers.
9.00 ITV Playhouse.
10.00 News.
10.30 Afghan Exodus.
11.30 The New Avengers.
12.25 am Close: Persooal choice with Michael Burrell.

All IBA Regions as London except at the following times:

ANGLIA

10.00 Tuesday Morning Film: "Yangtse Incident" starring Richard Todd, William Hartnell and Akim Tamiroff. 11.50 Cartoon Time. 12.30 pm Against the Wind. 1.20 Anglia News. 2.00 Houseparty. 2.25 Action—Coastguard! 5.15 Happy Days. 6.00 About Anglia. 11.30 Rush. 12.30 am Christians In Action.

ATV

10.00 am The Story of Wine. 10.25 The Space Movie: "Moon Zero Two" starring James Olson. 12.30 pm Against the Wind. 1.20 ATV Newsdesk. 4.15 Baby Boogie. 5.15 Struck by Lightning. 6.00 ATV Today. 11.30 ATV Newsdesk. 11.35 Luke's Kingdom.

BORDER

10.00 am Treasures in Store. 10.25 Red Gauntlet. 10.50 Cooking with Tovey. 11.05 Tarzan. 11.55 Cartoons. 1.20 pm Border News. 5.15 The Lost Islands. 6.00 Lookaround Tuesday. 11.30 Oan August. 12.25 am Border News Summary.

CHANNEL

12.30 pm Against the Wind. 1.20 Channel Lunchtime News, What's On Where and Weather. 5.15 Our School. 6.00 Report at Six. 10.28 Channel Late News. 11.30 Kaz. 12.25 am Commentaires et Prevision Meteorologiques.

GRAMPIAN

9.25 am First Thing. 10.00 Treasures in Store. 10.25 Redgauntlet. 10.50 Cooking with Tovey. 11.05 Tarzan. 12.30 pm Against the Wind. 1.20 North News. 5.15 Alright Now. 6.00 North News and Farming News. 8.15 Fangface. 11.30 Streets of San Francisco. 12.25 am North Headlines. 12.30 Reflections.

GRANADA

10.00 am Heritage. 10.45 Cartoon Time. 11.00 Sesame Street. 12.30 pm Against the Wind. 1.20 Granada Reports. 4.15 The Undersea Adventures of Captain Nemo. 5.15 Take My Wife. 6.00 Granada Reports. 11.30 Fireside Theatre.

HTV

†10.00 am Tuesday Morning Movie: "A Tale of Two Cities" starring Dirk Bogarde, Dorothy Tutin and Cecil Parker. 1.20 pm Report West Headlines. 6.15 Survival. 8.00 Report West. Headlines. 5.16 Survival. 8.00 Report West. 11.30 What's on Next?

HTV Cymru/Wales—As HTV West/HTV General Service except: 12.00-12.10 pm Ffalabalam. 1.20 Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 4.15-4.45 Sbaidun. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.30 Bywyd. 11.16 World in Action. 11.45-12.15 am What's On Next?

SCOTTISH

10.00 am Treasures in Store. 10.25 The Lost Islands. 10.50 Cooking with Tovey. 11.05 Young Ramsay. 11.55 The Bubblies. 1.20 pm News and Road and Weather. 5.15 The Steve Jones Programme. 6.00 Scotland Today News and Summer Extra. 11.30 Late Call. 11.35 Barney Miller.

SOUTHERN

†10.00 am "Above the Waves" starring John Mills. 11.25 Southern Report. 11.25 Who Cares? (South East Area only). 1.20 pm Southern News. 2.00 Houseparty. †2.25 "Bachelor Knight" starring Cary Grant. 5.15 Happy Days. 6.00 Day by Day. 11.30 Enterprise (Lord Kenneth Keith).

TYNE TEES

9.20 am The Good Word followed by North East News Headlines. 10.00 George Hamilton IV. †10.20 Morning Movie "The Admirable Crichton" starring Kenneth More and Cecil Parker. 1.20 pm North East News and Lookaround. 6.15 The Electric Theatre Show. 6.00 Northern Life. 10.30 North East News. 11.30 Kate Loves a Mystery. 12.30 am Time Flies in Filey.

ULSTER

10.00 am Treasures in Store. 10.25 Red Gauntlet. 10.50 Cooking with Tovey. 11.05 Chopper Squad. 1.20 pm Lunchtime. 4.13 Ulster News Headlines. 5.15 The Flintstones. 6.00 Ulster Television News. 6.15 The White Line. 10.29 Ulster Weather. 11.30 Bedtime.

WESTWARD

10.00 am Survival. 10.25 Red Gauntlet. 10.50 Sesame Street. 11.50 Cartoontime. 12.30 pm Against the Wind. 1.20 Westward News Headlines. 5.12 Gus Honeybun's Birthdays. 5.15 Our School. 6.00 Westward Diary. 10.31 Westward Late News. 11.30 Kaz. 12.25 am Faith for Life. 12.30 West Country Weather and Shipping Forecast.

YORKSHIRE

10.00 am Le Village un Village. 10.25 Comic Stories. 10.30 Cartoon Time. Comic Stories. 10.30 "Four Against the Desert." 11.55 The Bubblies. 1.20 pm Calendar News. 3.45 Calendar Tuesday. 5.15 Father, Dear Father. 6.00 Calendar (Emley Moor and Belmont editions). 11.30 Celebrity Concert featuring Diahann Carroll.

(S) Stereophonic broadcast
‡ Medium wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Paul Burnett with the Radio 1 Roadshow. 12.30 pm Newsbeat. 12.45 Peter Powell. 2.00 Andy Peebles. 4.31 Richard Skinner. 7.00 Personal Call. 8.00 Mark Hurrell. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Steve Jones (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 3.03 Olympics 80 with John Dunn, including Racing from Goodwood and Fourth Test: England v. West Indies. 7.02 Much More Music (S). 8.02 Hooray for Hollywood. 9.02 Glamorous Night (S). 9.55 Sports Desk. 10.02 Windsor Davies Presents . . . The Multi-National Eisteddfod Show. 10.30 Those Magical Movie Musicals: "My Fair Lady." 11.02 Olympic Sports Desk. 11.15 Peter Clayton with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Boccherini (S). 9.45 City of Birmingham Symphony Orchestra (S). 10.55 Cricket: Fourth Test: England v. West Indies, including 1.05 Six Continents (also on vhf). 1.25 News. 1.30 Lunchtime scoreboard. 6.30 pm Sibelius. 7.00 Bax and Moeran Songs, recital. 7.30 Concert, part 1 (S). 8.30 Lawrence Travelling (Reading from D. N. Lawrence). 8.50 Concert, Part 2 (S). 9.40 Promenades. 10.10 Schumann (S). 10.35 The English Ayre (S). 11.00 News. 11.05-11.15 Mozart (S).

VHF—with medium wave except as follows: 6.00-7.00 am Open University. 10.55 Perth Festival of the Arts 1980 (S). 12.15 pm Cardiff Midday Prom concert, part 1 (S). 1.00 News. 1.05 Six Continents (also on Medium Wave). 1.25 Midday Prom Part 2 (S). 2.25 Images of Debussy (S). 3.10 Composer's Portrait (S). 4.25 Jazz Today (S). 4.55 News. 6.00 Mainly for Pleasure (S). 6.20-7.00 Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call (Photography). 10.00 News. 10.02 Medicine Now. 10.30 Daily Service (S). 10.45 Story Time. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Wildlife. 12.00 News. 12.02 pm You and Yours. 12.20 Down Your Way visits Bungay in Suffolk. 12.55 Weather, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen with Mother. 3.15 A Dance to the Music of Time (S). 4.10 Three Women Gardeners. 4.40 Announcement. 4.45 Short Story. 5.00 PM News magazine. 5.50 Shipping forecast. 5.55 Weather, programme news. 6.00 News. 6.30 Detective. 7.00 News. 7.05 The Archers. 7.20 Real Evidence: "Prescription For Bankruptcy"—Investigation into the prescribing and production of drugs. 8.05 On the Train to New Zealand. 8.20 The Selfish Giant (musical version of the story by Oscar Wilde). 9.05 Can We Make Jobs? 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Origins. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 6.35 Music on the Move. 7.03 Black Londoners. 8.00 Question Time from the House of Commons. 9.00-5.00 am Join Radio 2.

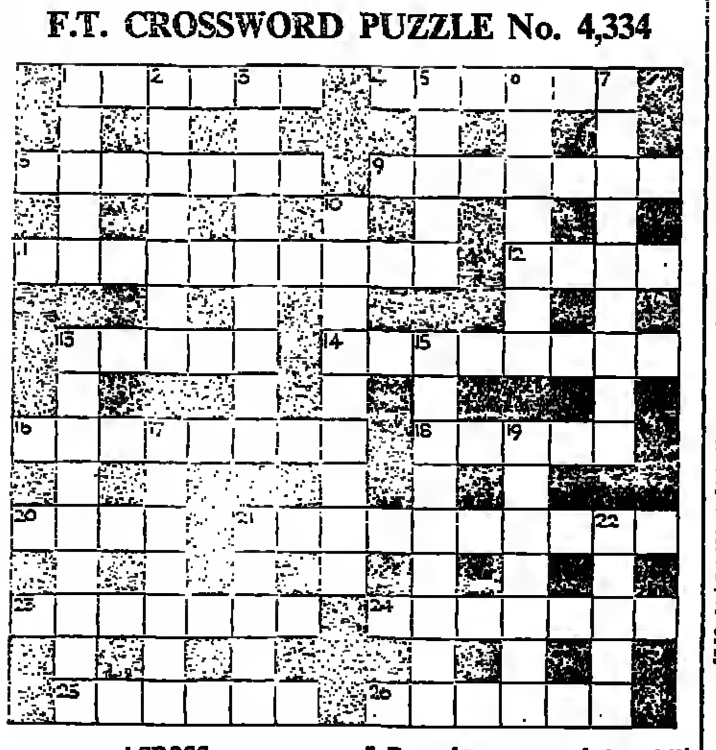
Capital Radio

6.00 am Mike Smith's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Graham Dene (S). 1.00 pm London Today First Report (S). 1.10 Graham Dene (continued). 3.00 John Sachs (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

London Broadcasting

5.00 am AM with Bob Holness and Douglas Cameron. 10.00 Brian Hayes presented by Vivian White. 12.00 LBC Reports. 8.00 pm After Eight—Richard Robbins. 9.00 Mike Dickin—Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra—Tom Jefferies. 2.45 Jeeves—A Gentleman's Personal Gentleman. 4.00 After Eight Special. 5.00 Morning Music.

F.T. CROSSWORD PUZZLE No. 4,334



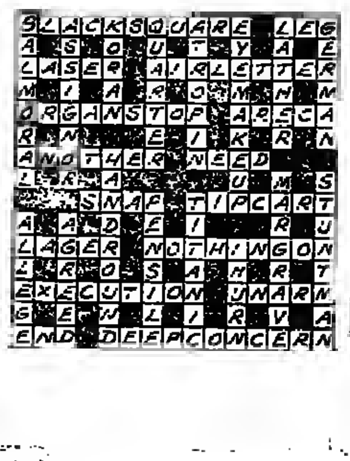
ACROSS

1 Nearly everybody has an objection (3, 3)
4 Point to the best cry (6)
8 Draws up maybe in top direction (7)
9 Outstanding attacking position (7)
11 Fledgling offer to infantry (10)
12 Dash into part of Ireland (4)
13 Bush holds key to sore affliction (5)
14 Move round dog to run away (4, 4)
16 Find new home for soldiers on bench (8)
18 Sympathise about eastern devotioo (5)
20 Leave out captain (4)
21 Spouse joins punter back at Twickenham (6, 4)
23 More exalted he guesses (7)
24 Sound of lovely girl going to dance with page (4, 3)
25 Reversing it passed on restored order (6)
26 Mean to overcharge youth leader (6)

DOWN

1 Some more cream please? There's plenty (5)
2 Put pressure on the German rowing club (7)
3 Endured having travelled by tube (9)
5 Powerless to travel downhill (5)
6 Demanding way out information within (7)
7 Telling stories of how to go in for urban renewal (9)
10 Attain 21 with well-charted music (3, 6)
13 Flair Athenian has for present treachery (5, 4)
15 Stand for salesman to feel sore about (9)
17 Point to member bound to be exhausted (7)
19 Arrangement of troops in Colne he disturbs (7)
21 Transport nationalised by first woman of note (5)
22 Fool game to go to New York (5)

Solution to Puzzle No. 4,333



ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

CINEMAS

CLUBS

ART GALLERIES

CLASSIFIED ADVERTISEMENT RATES

	per line £	single column cm. £
Commercial and Industrial Property, Businesses for Sale/Wanted	7.00	19.50
Residential Property	5.00	15.00
Appointments	7.00	19.50
Business and Investment Opportunities	8.00	26.00
Personal	5.00	15.00
Motor Cars	5.00	15.00
Hotels and Travel	5.00	15.00
Contracts and Tenders	7.00	19.50
Book Publishers	—	9.50

Premium positions available
(Minimum size 30 column cms)
£2.50 per single column cm extra

For further details write to:
Classified Advertisement Manager
Financial Times, 10, Cannon Street, EC4P 4BY

THE ARTS

British Museum

The Benedictines in Britain

by ROY STRONG

The exhibition in the British Library on *The Benedictines in Britain* is more in the nature of an essay than a book. It is small, if choice, but suffers appallingly from being encamped in the neo-classical grandeur of the King's Library, a passage-way at the best of times but now a highway trodden by ravening hordes of tourists quite alien to the ideals of monastic quiet. It is a modest exhibition contained within a framework of two by two, vaguely suggesting ecclesiastical architecture and certainly symptomatic of the era of austerity heralded recently by the National Portrait Gallery's *hommage* to the Queen Mother, appropriately staged during the summer sales.

When one thinks of the monumental grandeur of, say, Durham, the Benedictines certainly deserved a far larger exhibition than this to celebrate their fifteen-hundredth anniversary. The tale here runs from the arrival of St. Augustine, sent by that major proselyte of the movement, Pope Gregory the Great, in England in 597, to Cardinal Hume. Broadly speaking, the British story is a three-phased one. At first, Benedictinism made little impact against the native Celtic monasticism and it was only in the seventh century, under the aegis of St. Wilfrid, that it began to flower shortly, to be extinguished by the Vikings. The second phase sprung essentially from the revival epitomised in the founding of Cluny in 910 and by the close of that century Benedictinism had become the norm in Britain. The promulgation of the *Regularis Concordia* in about 970 at Winchester by Dunstan, Ethelwold and Oswald established the Benedictine rule as standard in monastic houses in this country. Finally came the post-Conquest phase when William I's Archbishop, Lanfranc, set about the feudalism of monasticism. By the 13th century, the vigour and thrust was to pass first to the Cistercians and later to the friars. At the Reformation everyone went under, the English Benedictines surviving piecemeal in exile, being properly reconstituted in the 17th century and returning here in the aftermath of the French Revolution.

Founded amidst the instability engendered by the final collapse of the Roman Empire in the West Benedictine monasteries were designed as a retreat from the world, their energies focussed around liturgy and prayer directed toward the next. Building, books and other artefacts with an aesthetic connotation were purely utilitarian and it was only after the Cluniac revival that the monks ceased to do manual work and greater emphasis was placed on splendid ceremonial, which betokened works of art, and also on books and learning. And it was this change that produced the exhibition's greatest treasures, the products of the Winchester School of book illumination.

The Benedictional of St. Ethelwold, Bishop of Winchester, is one of the greatest masterpieces of Anglo-Saxon art. The manuscript is here open at a picture of St. Benedict which is also a monument to the Englishness of English art. Drawing on a wide range of sources from the late antique through to Carolingian art, the result is typically insular, iconic and insistent in its love of bold pattern and lavish use of gold and colour. One is here tapping a way of looking at things and flattening them out to abstraction which is as strong several centuries later in the art of the Elizabethan miniaturists as it was in that of William Morris. Close by is the New Minister Charter in the same style, in which King Edgar, flanked by the Virgin and St. Peter, extends his arms to heaven in which four angels support Christ, his hand raised in blessing, enclosed within a mandorla. In these two pages we can respond to all the excitement of a minor renaissance on the fringes of Europe.

The post-Conquest phase is summed up in the great illuminated bible from Lambeth Palace, one of the glories of English Romanesque art from the mid-twelfth century. Made probably for St. Augustine's Canterbury, with a sophistication reminiscent of the most refined works by mannerist artists of the sixteenth century, it is an essay in elongation and sinuosity. Here we see the Tree of Jesse, a vision Blakeian in power, in which the Virgin is the trunk of a tree whose tendrils encircle prophets and sybils who gesture up towards Christ the Pantocrator. How infuriating as it always is that we cannot see more than one page for its balance of design and extreme economy of colour are combined with a rhythm that anticipates the Gothic.

There are other lesser delights after these heights. One is the Golden Book of St. Albans which surely must be the earliest English portrait gallery. Here the artist, Thomas of Walsingham, has depicted page after page of benefactors to the abbey. It is Chaucerian society with each donor clutching his gift: a Knight of the Garter waves his charter, a Lord Mayor of London rattles a money bag, a Bishop of Durham proffers a wassail mazer.

A miniature in a *Life of St. Edmund*, a back poem in the vernacular by John Lydgate, depicts the young and saintly Henry VI kneeling at the shrine. It is a florid piece of late medieval manuscript illumination but what strikes one most is the enormous gold tabernacle in which the saint's bones rest. No wonder barely a century later Henry VIII, in a mixture of reforming zeal and outright greed, decreed the dissolution of the religious houses. Their possessions in terms of land and chattels were immense. From the proceeds came Whitehall and Nonsuch and on to the confiscated lands were to arise the stately homes of England over whose dissolution we now ironically preside.

Representation of St. Benedict with nine monks

Fragmentary and unsatisfactory though this exhibition is, it does raise the whole problem of medieval exhibitions. There has in fact been no major display of English medieval art within memory. In many ways it would present insuperable problems. The mass destruction at the Reformation is one. The immovability of buildings another. Conservation of things fragile a third. On the other hand, when it can be achieved as in the *Opus Anglicanum* exhibition at the Victoria and Albert Museum 20 years ago it was a revelation. Exhibitions of English medieval art have been on and off the tapis of the Arts Council and some of our national collections for years but nothing has materialised. It is a subject that asks of that rarified creature, the medievalist, a quite exceptional act of leaping over the wall to make any of it at all intelligible. *The Benedictines in Britain* reminds us that Western civilisation stems down from classical antiquity via the church. Its roots are deep in the past of Greece and Rome and in Christianity. So much of all this has been deliberately thrown out or snapped in our own age that perhaps the time is propitious to remind ourselves of it before it is too late.

GRIPS Theater, West Berlin

The Story of the Left

by RONALD HOLLOWAY

Critics who doubt that German theatre cannot get along without original plays from England and America — I confess to have recently belonged to that club — should drop in at a children's theatre in West Berlin, GRIPS (meaning brains or savvy), to see Volker Ludwig and Detlef Michel's *Eine linke Geschichte* (*A Story of the Left*), directed by Wolfgang Kolneder.

It's a short history in scenes and cabaret sketches of the German student movement from 1966 to the present in West Berlin, a play conceived for "people over 16" that packs them in nightly with a young audience that appears to average 30 and over. The play is so popular that tickets are at a premium, a sure sign that *A Story of the Left* will be around for a couple more seasons on the GRIPS repertory schedule.

The cabaret sketches are originals from those penned by Ludwig and Michel back in the active days of Das Reichskabarett in the '60s (and early '70s), at the very time when the cauldron in Berlin was ready to boil over. They were selected at first in view of a new cabaret programme dedicated to theologian Helmut Gollwitzer, who supported GRIPS through thick and thin and now was about to celebrate his 70th birthday. But in preparing the cabaret, the review of the past decade and more called for a dramatic context — so the original sketches reflected exactly how the students saw themselves (Das Reichskabarett, together with cabaretist Wolfgang Neuss's one-man shows, was the unofficial organ of the Student Left's position) at that time, while newly written scenes recorded the lives, passions, and destinies of three students who entered the Freie Universität in 1966, or thereabouts, up to their tired, middle-aged outlooks today.

More of a document than a play, *A Story of the Left* has the immediacy of a *Zeitstück* without being didactic or romantic — a kind of ode or elegy on the tragic, and comic, events of student days.

The tragic side made the headlines a decade ago: the death of student Benno Ohnesorg during a demonstration against the Shah of Iran, the near fatal shooting of student leader Rudi Dutschke by a deranged youth, the Vietnam Discourse by journalist Ulrike Meinhof and several of the country's leading writers, and the related events in Paris during May 1968. Then came the reform movement at the German universities, followed by a splintering of the Marxist students into a score of warring ideological groups — until, finally, despair and depression spelled an end to the "demos," the teach-ins, and the rallies. At this point, at the beginning of the seventies, the cabaret skits are discarded for an overview of contemporary ecological, feminist, and alternative political movements.

The comic side is formed by the nostalgic portrait of how three young students reacted to all these events and tried, often in desperation, to maintain their Left ideals until eventually settling down and becoming ordinary middle-class citizens. The three—two guys and a gal—dream of the revolution, chat misty eyed over Habermas and Adorno, war vehemently with their parents and officialdom, start communes and *Kinderladen* nurseries, go on trips with hash and the Maoists, join the Social Democrats or the Communist Party, and finally drift into the company of the Greens and the anti-atomic energy front and the Lilacs and the Women's Lib ranks and so on.

GRIPS has a knack for switching scenery in seconds via mobile props and a bit of fantasy on the part of the audience, while the actors nearly always address their lines to the front rows in an arena situation. Due to this kind of participatory intimacy, it's easy to laugh and weep over past events that seem, then, ever so relevant and prophetic of the future. Even the Schaubühne am Halleschen Ufer comes in for stabs of criticism in a scene set before Peter Stein's theatre in 1978, when the last vestiges of a Left or Marxist commitment disappeared into aesthetic mumbo-jumbo.

It was GRIPS, and not the Schaubühne, who wiped the slate clean. For that alone, *A Story of the Left* will be long remembered as a dramatic milestone.

American television

Vive la France! by FRANK LIPSIUS

Every year, the National Academy of Television Arts and Sciences in New York hosts the presentation of an evening of another country's television. In the past, numerous nations have been thus saluted.

This year was the turn of the French, and since French television was recently divided into discreet private entities, it was the largest successor to ORTF, Television Francaise 1, that was taken to represent the country.

Previous evenings of this sort amounted to snippets of the different programmes the countries wanted to show off. But TF 1 produced a special show for the occasion and told about itself in a slick brochure with stills of its various programmes along with demographic charts and a breakdown of the television week. Despite the co-sponsorship of numerous French companies, the network had obviously gone to considerable expense to produce the show and prepare the booklet.

Charles Aznavour, one of the stars of Numero Un transmitted New York television on July 14. Aznavour speaks what Americans, at least, consider charming English

The purpose of the undertaking is not hard to decipher. Jean-Louis Guillaud, chairman and general manager of TF 1, who was at one time the director of ORTF, put the point elegantly in his introductory remarks, noting that France has long enjoyed American programmes. He hoped it was time for America to reciprocate and have more French shows on American television.

Richard Kilberg, an official of Channel 13, the public broadcasting station in New York, sympathises with M. Guillaud. He arranged for the evening's programme to be broadcast on Channel 13 on July 14, celebrating Bastille Day and the 100th anniversary of the French donation of the Statue of Liberty to the United States. Mr. Kilberg wants to arrange more collaboration with French television, but language remains a considerable obstacle.

If the hour-long variety show was made just to minimise the language barrier, it succeeded admirably. Charles Aznavour, a host with the charm if not the sartorial distinction of Maurice Chevalier, speaks what Americans, at least, consider a charming English, perfectly comprehensible with a whisp of accent. If he stumbled over words from time to time it was in the rush to be informative, mentioning even the student troubles of 1968 as he sat at the Deux Magots cafe on the Left Bank.

Most of the performers he introduced sang in French, a choice that was perfectly acceptable because one need not understand the words to enjoy a French torch song. Quite the contrary, as unfortunately shown by Dalida, a fine French singer, who chose to do the English version of *Show Me the Way to the Next Whisky Bar*, a song every American knows from a version by the Doors. Dalida's French accent gave all the lines the wrong intonation. When Sylvie Vartan sang, however, with her short cropped hair and svelte voice, no one was bothered by what the words were, even when her retinue of half a dozen half-dressed men lifted her and carried her across the stage like Cleopatra. If the words said what they looked like they should, they could not be repeated on American television anyway.

Maritie and Gilbert Carpentier, an elegant couple who produced the show, got the top names in France for it, including Marcel Marceau and Catherine Deneuve, who like everybody but Marcel Marceau sang a song. Each segment of the programme was done in front or inside of a famous Parisian sight, with side comments on spending an evening at Maxim's and a view of Paris's own little Statue of Liberty in the Seine. It was an hour that capture what any American tourist would want to see of Paris. The places were familiar and the faces represented what Paris is to an American.

But the very emphasis on the familiar makes the prospect of close co-operation seem all the more remote. It assumes that Americans have to be re-introduced to what they know of France when the programmes mentioned in the brochure make a much more appealing introduction: they show the way the French look at themselves and their world. Among news programmes on TF 1 are a semi-monthly on news of the theatre, a monthly on economics and a bi-monthly science programme called *Keys for Tomorrow*. Providing 260 hours of live sports a year, including much of last winter's Olympics from Lake Placid, lends considerable familiarity to TF 1 for an American, balancing the high-minded 500 hours of costume drama that would rarely get to an American television screen, to the Americans' loss. There is even a Friday evening classical drama series that gets good ratings, something an American can contemplate with envy.

The good will generated by the exposure of Americans to French television looks like it will have some if not a great deal of effect. Richard Kilberg envisages co-operation in science and children's programming. The hour variety programme may be the kind of television that is still popular in France but is now rarely seen in America. Part of the reason is expense, which would militate toward co-operation on making such shows, but the other is taste. The programme is what Americans would have seen a generation or two ago on television, and even then, there would have been a much greater mix of variety entertainment. Having everyone sing was a way to overcome language problems, but it can't help sounding repetitive. Americans have pretty much stopped watching that kind of programme, unless it is done by a perennial favourite like Bob Hope. Award programmes seemed to have replaced variety shows in prime time, and in general, the high-minded aspirations of fostering co-operation, which are limited to non-commercial public broadcasting, conflict with other educational values that the station has to promote. The commercial networks have done some co-productions abroad, especially for adaptations of classics, but for the time being, French television looks to remain a curiosity in America.

Arts news in brief

The poet John Heath-Stubbs is to be guest poet in the Royal Doultons-sponsored Matchlight series British Poetry Today at The Orangery, Holland Park on Thursday, August 14, at 7.15 pm.

Also appearing on the programme is Roger Woddis, whose satirical poems appear weekly in The Radio Times and also in The New Statesman and Punch. The Woddis Collection was published in 1978 by Barrie and Jenkins.

Included will be sequences of modern poetry read by The Matchlight Readers, and some 18th century poetry introduced by John Heath-Stubbs and read by Hugh Dickinson.

* * *

An example of the collaboration between Peter Paul Rubens (1577-1640) and Jan Brueghel (1568-1625) has been put on long term loan to the National Gallery by the British Rail Superannuation Fund. *Landscape with Pan and Syrinx* was painted in oil on panel and measures 22¾ x 37¼ inches.

Two other works are on loan to the National Gallery by the British Rail fund. They are *The Miraculous Translation of the Holy House of Loreto* by Tiepolo, and *Still-life with a dish of oysters and a bottle* by Chardin.

* * *

The directors of the Manchester Palace Theatre Trust have announced that the task of securing the financing of the full £3m scheme to redevelop the Palace has now been achieved. A series of interest-free loans will be repaid from the continuing public appeal.

The directors are now able to proceed with the complete scheme, including the important £700,000 stage extension.

Of the £1.6m already raised towards the final cost of £3m, £400,000 has come from the Arts Council, £350,000 from the City of Manchester.

Wigmore Hall

Fitzwilliam Quartet

by PAUL DRIVER

Neither of the repertory pieces in the second of the Fitzwilliam's pair of "Wigmore Summer Nights" elicited much more than perfunctoriness from these distinguished but evidently capricious players. Haydn's Op. 33 no. 5 (G major) quartet — the one whose end is its beginning — passed as harmlessly as the weather; neither too much nor too little of anything and nothing in particular.

The C minor *Quartettsatz* of Schubert did not especially resemble the programme's "structural miracle" because its passionate content had been trivialised away by merely graceful playing. (And not always so graceful either: the first violin tended to produce a careless, quietly grating tone.) Little could be perceived of that against which the formal symmetry has to struggle.

But though they belittled a fragment the Fitzwilliam players had done reasonable justice to an excerpt: the third movement of Delius's String quartet (1916), known separately as *Late Swallows*. It makes a pleasant enough little tone-poem; not noticeably evocative of swallows, but with a humid sensuosity that aptly expressed Sunday's concert conditions. One saw no obvious justification, however, for relegating yet another of Delius's works to the status of a "filler."

It was in the infrequently performed first quartet (1879) of Borodin that something of the group's quality began to show, confirming opinion that the Fitzwilliam play best when they have a case to argue. The work is an utter delight, and no less profound than it is charming. The intensity of its slow movement and rhythmic activity of its scherzo (*prestissimo* four-bar phrases that give the effect of a march) and *alla polacca* finale sometimes glanced ahead sixty years to the quartets of Michael Tippett. The scherzo has a trio of glistening harmonics, and the Fitzwilliam made of it a most adept simulation of a glass harmonica.

The Arts Council and ethnic arts

In a move towards a more positive policy for helping the arts of ethnic minorities, the Arts Council is to monitor all ethnic arts applications it receives over the next 12 months.

This exercise is designed to provide a clearer indication of the range of ethnic arts applications in all art forms. It will also help to identify any special features which they may have in common, and will examine particular reasons for any individual rejections.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Tuesday July 29 1980

Role of the Opposition

TODAY'S no-confidence debate in the House of Commons will doubtless generate much sound and fury. With a sharp economic contraction already unmistakeably afflicting the country, the Opposition will have no difficulty in producing facts and figures, as well as rhetoric, with which to attack the Government. Since mass unemployment emerged once again in Britain as a major political issue, Ministers have inevitably been very much on the defensive in Parliament and today's debate may well prove a further embarrassment for the Government.

But below the Opposition's debating hyperbole will lie the nagging, painful knowledge that, despite the worsening economic climate, the Government still commands wider acceptance for its economic policies from the electorate, than did most previous administrations. What must be most frustrating to many Labour politicians is that Britain's apparent willingness to take unpleasant medicine from the Government without protest, stems partly from the lack of any effective opposition, or even of coherent and constructive economic criticism, in Parliament.

No alternatives

Now there is a line of argument within the Labour Party which asserts that constructive opposition to the present Government is impossible because its economic policies are so radically at odds with all the Labour Party's fundamental assumptions' that an equally radical, and largely destructive response is called for.

In the Conservative Party, on the other hand, there is a widespread belief that the lack of any coherent opposition in Parliament and the acceptance of discomfort in the country at large, are due simply to the fact that there are no alternatives to the Government's policies.

Both these lines of thinking are misleading and dangerous. While it suits the more extreme elements in both parties to propagate the idea that they represent clashing and mutually exclusive ideologies, a close examination of the Government's central economic objectives does not bear this out. There is still a broad consensus on aims, which spans the major wings of all three parliamentary parties. And even on the means of attaining these ends, there is more continuity between the present Government and the last one than either of them finds it expedient to admit.

When it came to office, the Government had four basic economic objectives: to reduce inflation and attack the causes of inflationary pressure; to create an environment in which industry would improve its productivity and international competitiveness; to shift the burden of taxes from income to spending; and to cut public spending. The first two of these aims are wholeheartedly shared by most of the Labour Party. Even the third commanded a good deal of support in the last Government, which also wished to reduce the burden of income tax.

It is only on the last issue—the part which the public sector should play in the economy—that a sharp ideological cleavage exists. But even here, the real differences are less than the common ground. As yet the Government has not attempted to undermine the basic structure of the mixed economy or the welfare state, although it has certainly chipped at the edges. The last Labour Government, it will be remembered, was also responsible for large public spending cuts at times of economic crisis.

When it comes to means rather than ends, there is a wider divergence even between the moderate wings of the major parties. But the gap is certainly not so wide as to make constructive debate impossible, as the performance of the Select Committee on the Treasury, whose members are drawn from all political factions, has shown. The last Labour Government pursued a monetary policy for three years which was based on many of the same assumptions that are guiding the administration now. The present Government has shown willingness to adapt its policies to the dictates of economic reality, in the case of the steel industry and, perhaps over the question of youth unemployment. Even on trade unions, the Labour Party has, in the past, proposed sweeping reforms.

None of this implies that the parties are identical or that it makes no difference which one is in power. For it is the marginal decisions that determine the course the nation will ultimately follow. It is also the detailed decisions which will determine whether the Government will succeed in steering Britain in the direction of greater productivity and lower inflation which all responsible politicians would like to see. In exposing the errors in the Government's means, and in suggesting constructive alternatives the Opposition can have an important part to play.

Germany takes the strain

IN HIS end of term report on the West German economy, Herr Karl Otto Poehl, the president of the Bundesbank, yesterday awarded top marks for performance in almost every important sector. The money supply, to which the Bundesbank attaches over-riding priority, has been kept towards the lower end of the 5 to 8 per cent growth bracket at which the bank has been aiming. There should thus be some freedom for manoeuvre later in the year if and when there is need for a quick touch on the rudder. Inflation, probably the Bonn Government's top priority, shows signs of coming down from the un-nerving (in German terms) level of more than 6 per cent in June.

Herr Poehl also admitted to lessening anxiety over the country's unusual current account deficit. He acknowledged for the first time that it had caused him great headaches in the early months of the year. Now, however, the capital outflow of the first quarter appears to have been reversed, and it looks as if it will not be too difficult to finance the deficit through the market and through capital inflows.

Finally, Herr Poehl said that, while recession may have arrived, it is not going to be nearly as serious as it was in 1974-75—a trough from which West Germany in any case emerged rather better than most of its industrialised competitors. West German growth for this year is still estimated at between 2.5 and 3.0 per cent—significantly lower than last year's 4.4 per cent—but the forecasts, whether by the Government or the independent economic institutes, have not had to be adjusted more than marginally for many months. It is for this reason that the bank is continuing to resist demands for an easing of tight monetary policies to counter the threat of a further economic slowdown. Although it agreed to release up to DM 5bn into the money market yesterday as a temporary injection of new liquidity, it is not letting up on interest rates and extreme caution remains the watchword.

The Bundesbank is, in effect, following the same policies that steered the country so relatively painlessly out of the last recession. It does not want to lower interest rates too soon—not seeing high interest rates as incompatible with growth—and it wants to maintain foreign confidence in the D-mark as a strong currency. At the same time, the bank is not alone in seeing the need for boosting exports and increasing productivity. Here again, it is awarding fairly high marks for new investment and the restructuring of exports, and increased sales to the oil-producing countries are once again materialising in almost the same way that they did after the last great oil price increase.

Of course, with an election only just over two months away, the authorities have every reason for presenting the economy in a favourable light. The opposition could point to the increasing impact of the recession on industrial orders, the prospects of higher unemployment, particularly towards the end of the year, the spiralling price of housing and the difficulties caused to the average German by interest rates that are still at a post-war high. If growth is likely to hold up fairly well over the year, at least by international standards, it is fair to point out that the main impulse will have come from the first quarter.

Performance

The West German voter in October will not, of course, judge the country's economic performance by international standards, but by his own. There are certainly grounds for arguing that by these stringent criteria not everything is perfect. But it looks as if Herr Helmut Schmidt will be able to counter accusations that he has failed to live up to his reputation as an economic mastermind. The greatest danger he faced only a matter of months ago was that a serious recession might destroy that reputation. As things stand, it looks unlikely that there will be a serious economic setback between now and the election.

Middle East threat to petrochemicals

By SUE CAMERON, Chemicals Correspondent

THE European petrochemical industry sometimes gives the impression that it is forever lurching from one crisis to the next. The latest threat to its survival comes from the Middle East where Western oil companies are helping to make the desert bloom with base chemical plants.

The danger of Middle Eastern nations using some of their oil and gas to make cheap petrochemicals for export to Europe has been apparent for years. But now shadowy fears of cut-price competition from countries like Saudi Arabia are being given substance in the form of written agreements to build giant petrochemicals complexes during the next decade. The European chemical industry is beginning to ask what effect this must have on its business.

Last straw for many European companies

Earlier this month the Shell group and the Saudi Basic Industries Corporation—SABIC—agreed in principle on the building of a $3bn (£1.26bn) joint venture petrochemicals project at Jubail on Saudi Arabia's eastern coast. The deal is expected to be signed in September. SABIC and Pecten Arabian, a subsidiary of the U.S.-based Shell Oil, say the complex will be built by 1984 and will come on stream a year later.

It will use methane and ethane—both gases which the Saudis are currently having to flare—as its raw materials. And it will have the capacity to produce 650,000 tonnes a year of ethylene, the so-called "building block" of the chemical industry used in the making of a wide range of things from plastics to fibres, plus large quantities of other base chemicals.

Nor is the Shell project the first of its type. In March the Saudis reached agreement with the U.S.-based Mobil on the building of a $2bn (£775m) joint petrochemicals complex at Yanbu on the Red Sea coast. The Yanbu site will provide another world-scale ethylene plant.

The Saudis followed up the Mobil scheme by concluding another joint petrochemicals deal—this time for $1.1bn—with the U.S.-based Exxon. The kingdom is also planning to build a $268m methanol plant at Jubail in conjunction with a Japanese consortium led by Mitsubishi, and a further $376m worth of ammonia and urea production capacity is due to be built under a joint scheme with the Taiwan Fertiliser Company.

Meanwhile Qatar is constructing a 225,000 tonnes a year ethylene plant and a 150,000 tonnes a year low density polyethylene — LDPE — plastics material plant under a joint agreement with the French-based CdF Chimie. Both plants are understood to be nearing completion.

The prospect of thousands of tonnes of low-price petrochemicals pouring into markets that have hitherto been dominated by European producers must seem like the last straw to many major British and Continental companies. Right now the West European chemical industry is in a virtual state of siege—and there is no sign of a relieving force on the horizon.

The recession is beginning to bite hard. Demand for chemicals has fallen by around 30 per cent throughout Europe; prices are being forced down by anything from 10 per cent to 20 per cent; plants on sites as far apart as Tesside in North East England and Porto Marghera in Italy are being closed down temporarily; and cheap chemical imports from the U.S. are taking an ever larger share of the European market.

Nobody can confidently predict how long and how deep the present economic downturn will be. But European petrochemical producers could find themselves emerging from it just in time to feel the full impact of keen competition from the new producers of the Middle East.

Cheap chemicals from the Gulf could start hitting Europe's markets in as little as five years' time.

Some of the major European chemical companies are more sceptical. They believe it will be 1990 before substantial quantities of petrochemicals are produced in the Middle East. But even that will be far sooner than was originally predicted by most of the big European concerns.

Until last year they believed that the shortage of petrochemicals expertise in the Middle East, the lack of a domestic market, the difficulties of putting up high technology plants on green field — or yellow sand — sites, the cost of transport to export markets and the problems of operating plants efficiently would all cancel out the advantage of cheap oil and gas feedstocks in the Gulf.

That advantage has always been considerable. Mr. Bill Thomson of Shell has estimated that in 1974 petrochemical raw materials would have cost nearly eight times more in Europe than in the Middle East. But the other factors involved meant it was still more economic to make base chemicals in Europe than in the Gulf.

The threat from new Middle Eastern producers could therefore be safely relegated to the distant future. But, as Mr. Thomson pointed out, last year the Iranian revolution and the subsequent world oil crisis sent the European price of naphtha — the vital, oil-based petrochemical raw material — soaring upwards. Suddenly the economics of making petrochemicals in the Middle East became far more attractive.

The European contract price of naphtha was around $125 a tonne in 1974. Today it is between $325 and $335 a tonne — slightly down on the $350 level of the early summer. Even if it drops a little more, the cost equation of petrochemicals production will still favour the Middle East. Industry experts now reckon that by 1990 the new producers in the Gulf will be supplying about 10 per cent of Europe's demand for base chemicals.

What is more, the chemicals coming in from the Middle East will almost certainly undercut European producers' prices. Countries like Saudi Arabia will make their petrochemicals not from naphtha but from gases such as ethane which are more efficient as feedstocks. And newcomers to the marketplace traditionally try to gain market share by offering rock-bottom prices.

Yet a number of senior people in the European chemical industry say fears about these new competitors — although justified to an extent—have been exaggerated. Mr. Alan Binder of Shell, for example, said last month that the feedstock cost advantage enjoyed by the oil-exporting countries would still "often be more than offset by the cost penalties associated with higher costs of construction and operation of plants." He added that some Middle Eastern countries might have doubts about using their gas to make petrochemicals when they could be selling it for considerably more money on the world market.

Suddenly the economics became far more attractive

"There are, in a number of the oil-producing countries, growing doubts about the value of the social benefits which might be expected to result from industrialisation," he continued. "Indeed, in some oil-producing countries, it is being openly questioned whether rapid industrialisation, such as would be implicit in a massive entry into petrochemicals production, might not place undesirable strains upon social and political institutions.

Some of the major European chemical companies also claim that the Gulf states will look primarily to India and the Far East for their markets. They point out that the chemical projects now being planned are joint ventures with reputable European and U.S.-based majors—companies which can be relied upon to follow responsible marketing policies.

They add that most base chemical development is taking place in countries which have stable conservative Governments — such as Saudi Arabia and Qatar. One senior chemical manager commented wryly that the prospect of the Libyans building ethylene plants in their socialist desert fastness would make his "hair stand on end." But the Saudis were a different matter. They would offer fair competition and would never try deliberately to disrupt the European industry.

On the face of it, these soothing arguments seem convincing enough. But the evidence suggests they may include elements of complacency, if not downright wishful-thinking.

It is cold comfort for the Europeans to say that the new Middle Eastern chemical producers will concentrate on Far Eastern markets—these markets are vital for continental and UK-based companies. Yet the Gulf states are far more likely to aim for the European market first. Europe is nearer and Europe can provide the necessary demand.

It is also hard to see how even the most "responsible" marketing policies will lessen the impact of large tonnages of base chemicals coming suddenly onto the market. Once a 0.5m tonnes a year capacity plant comes on stream, the product from it has to be sold.

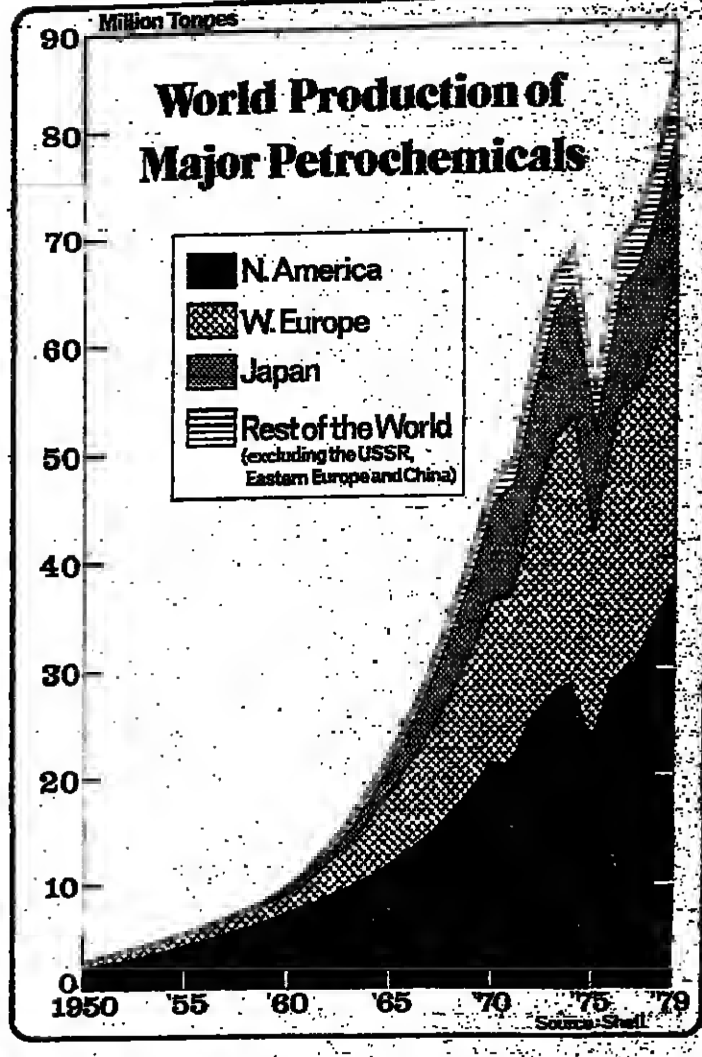
Europe is already suffering from overcapacity in many base chemicals areas. It is true that demand for petrochemicals is expected to grow during the coming decade—but only at a modest rate. Earlier this year Shell estimated that the average growth rate would be around 4 per cent a year—as compared with the 15 per cent annual growth rates of the 1960s and early 1970s.

An annual growth rate of around 4 per cent would increase Europe's ethylene demand from its present level of about 12m tonnes a year to between 16m and 17m tonnes by 1990. Industry experts reckon that the Middle East could be producing as much as 3m tonnes of ethylene by then—and other areas, notably Eastern Europe, will also have raised their ethylene output by the end of the coming decade. The degree of competition from the Gulf is likely to have a devastating effect on European companies' profit margins.

It is therefore a fair bet that the development of petrochemicals production in the Middle East will force some of Europe's older, less efficient plants to close. In itself this will be no bad thing. The process has already started and Europe's production capacity needs to be slimmed down.

But some European industry experts fear the closures may not be limited to outdated plants. They believe investment in modern plants could also be threatened — particularly in Southern Europe. Countries like the UK, Norway and the Netherlands, they say, have their own supplies of gas and oil. They should therefore be in a far stronger position to stand up to cut-price, high volume competition from the Middle East.

Perhaps the strongest argument of those optimists who play down the danger from the Middle East is the fact that the oil companies which are helping to build petrochemicals projects in the Middle East all have chemical subsidiaries themselves. Common sense suggests that they are not going to cut their own commercial throats.



But common sense could be wrong. One of the reasons—some would say the only reason—why the Western oil majors are helping to develop a petrochemicals industry in the Gulf is that they receive crude in return. Shell, for example, is expected to obtain around 200,000 barrels of crude a day from Saudi Arabia as part of its $3bn joint venture chemicals project.

Although it is Shell Oil U.S. that is directly involved in the Saudi deal, presumably the board of the 60 per cent Dutch-owned and 40 per cent UK owned Shell group must have decided that potential disadvantages to its chemical interests were not that great. But a senior man in one major U.S.-based company—an oil group with chemical interests—has said privately that he does not care whether the Saudis sell their petrochemicals or bury them in the sand just as long as his company gets its extra crude entitlement.

There are some oilmen who see petrochemical joint ventures in the Gulf as nothing more than the price that has to be paid for secure supplies of crude. Such an approach bodes ill for traditional chemical producers. For base chemicals from the Middle East will not be buried in the sand but exported to Europe's markets—unless, perhaps, there is a revolution in Saudi Arabia, but neither oil nor chemical companies in the West would relish that prospect.

Development taking place in countries with stable governments

Yet the possibility of revolution in Saudi Arabia or in another of the Middle Eastern oil producing countries cannot be ruled out. One of the biggest petrochemicals projects in the region is at Bandar Khomeini on Iran's Gulf coast. The $3.5bn complex, being built as a joint venture with the Japanese, was 85 per cent completed before work on it was halted after the Shah was toppled from his throne.

The plants are lying idle and unfinished on a site where sand and salt intensify the problems of corrosion and decay. Chemical industry experts believe the complex will be left to deteriorate still further—despite reports that Mitsui, the main contractor, is preparing to return to Bandar Khomeini later this summer. Yet even the most ardent and extreme revolutionaries tend to turn into traders in the long run. By 1990, petrochemicals production in Iran could be in full swing.

But the development of a strong, export-orientated base chemicals industry in the Middle East will not necessarily have an entirely baleful influence on European producers. It is almost certain to accelerate the current trend for European companies to move increasingly into high value, speciality chemicals.

Trend for Europeans to move into high-value speciality chemicals

Agrochemicals, pharmaceuticals, specialised plastics and chemical intermediates are areas where Europe can drive home the advantage of its expertise in research, process technology and marketing. The German-based Hoechst is already concentrating on its more specialised business—with great success. This month the French-based Rhône-Poulenc has virtually pulled out of base chemicals altogether so as to concentrate on its stronger, specialised activities. The consensus is that the French-based group has acted wisely.

Petrochemicals production is increasingly becoming the preserve of oil majors with chemical interests or of companies like Imperial Chemical Industries which have a stake in oil. Their size and diversity will put them in the best position to withstand competition from the Middle East — especially if they have access to North Sea gas.

But for some of the other traditional European base chemical companies, the advent of a Middle Eastern petrochemicals industry may have savage consequences.

MEN AND MATTERS

The judgment of Salomon

Bloody but unbowed. Rea Brothers chairman Walter Salomon left yesterday's Vickers general meeting in a pugnacious mood after his failure to halt the Rolls-Royce merger in its tracks. "I am a David against Goliath," he told me in the vote-counting interlude before the announcement that Vickers shareholders favoured the deal by more than five-to-one. "You never achieve anything in one go" was his enigmatic parting shot.

Vickers chairman Sir Peter Matthews seemed at times to wilt visibly under the weight of Salomon's rhetoric, but came back each time with the now-familiar arguments in favour of the merger's "industrial logic," ably supported by erstwhile Vickers director and Lloyds Bank chairman Sir Eric Faulkner.

Energised by Salomon's frequently heated and lengthy contributions, the temperature of the meeting soon exceeded that of the sunny mid-day air. "Balderdash," cried one side. "Codswallop," retorted the other. But while Salomon's continuing refusal to disclose the extent of his personal interest in the merger was an irritation, and his friends in the meeting apparently few, I remain encouraged by the spectacle of any shareholder with the drive to subject major corporate decisions to the on-the-spot scrutiny which only a general meeting affords.

Into the lists

Leg-weary from a five-year trek through the streets and alleyways of urban Britain, John Sidwell comes to London today bearing the fruits of his wanderings: 82 fat volumes and 2,000 large-scale maps.

The books and charts, backed with a computer library, he claims, pinpoint the locations, specialities and needs of more than 120,000 small companies. He is offering the information to industry at large in the hope of profiting substantially from the money he has invested in shoe leather and other research materials—and of saving the legs of the country's corps of salesmen.

A large proportion, he explains, of the time of the 100,000 salesmen in Britain—not to mention their £2bn cost to industry—is spent on finding where potential customers lurk. This wearisome job has now been done for them.

With junior industry minister David Mitchell supporting his introduction, Sidwell now hopes to repeat nationally the successful sales of information from his unique census which he has already negotiated with customers which include GKN, BP and Lex Services.

Readers with long memories may remember the energetic Sidwell from his days with the Neville Group, a publicly-quoted engineering-to-mushrooms conglomerate. When he sold his 9 per cent stake in 1973 for £950,000, he was expected to reappear quickly with a new ambitious venture. It was not until 1975, however, that he found his fresh start.

He moved in on Market Location Ltd., a small Leamington business which was floundering badly in its attempts to produce an industrial census. Immediately attracted by the potential of the idea, he took on the task. At the time, however, as he now admits, he had no idea that the work would take so long nor did he believe it would absorb almost his entire fortune.

Now with the DoI stamp of approval on his *magnum opus*, and with plenty of mileage left in his 44-year-old legs, he is already busy on a new set of lists. Covering garages and petrol stations, he even has energy for rural rambles for a catalogue of farms and rural businesses.

Gregory's Law

Devotion to knocking the corners off "square" engineering graduates leads Sydney Gregory into some curious postures. The process, he tells me, may start with his delivering a lecture wearing a funny hat, or from a perch on top of an upturned wastepaper basket. The aim, I gather, is to prepare his students for the testing times they face in Aston University's Interdisciplinary Higher Degrees Scheme.

"One of my objects," says Gregory, a retired university reader turned "outworker" on the scheme, "is to put a little flex into rather square but bright engineering graduates and to set up little problems for them." Teetering atop his wastepaper basket, he sets out to unbalance their perception of what is expected of a lecturer and, he hopes, themselves. "One of the real difficulties is to get them to unbend a little and to look at problems the other way round."

Through a process which I had better call elliptical thinking — since he forbids me to mention the works and name of our best-known lateral thinker in his presence — students are confronted with real and fancied posers from industrial sponsors who pay half the scheme's bills and from Gregory himself.

He recalls the case of a major company which set up a factory to produce sophisticated materials for use in the short-run Concorde project. The question of what to do with the output from the plant was brought to Aston. Gregory, deliberately avoiding the stock solution of "market research," put the original question to one side, and began by asking the students under what sort of conditions does industry elect to adopt new materials. "We turned it upside down, inside out and turned it back in on itself." The result was 200 potential uses and a job with the sponsoring firm for the lead student on the project.

Other schemes, however, have tended to turn into strictly intellectual exercises. Although some 40 options came up when the researchers were asked to find a new use for a redundant cooling tower in Wolverhampton, their notions were ignored and the tower was knocked down.

No experience, however, is wasted on Gregory. From the rubble springs an offer of help to Dorset reader Richard Hindson who is troubled by the demolition men's apparent inability to remove two unwanted gasholders from the Bridport skyline.

"What he should do," says my man on the wastepaper basket, "is to encourage a project to develop a new use for the gasholders. Then, by the law of universal cussedness, they will be razed."

Tasty morsel

Notice in the staff canteen of a Birmingham store: "Staff are not permitted to eat anything outside the canteen except the on-duty telephone operator."

Observer

STRONG UNDERCURRENT OF SENTIMENT AGAINST FOREIGN TAKEOVERS OF LARGE AMERICAN BANKS

Stormy seas for Midland-Crocker launch

BY STEWART FLEMING IN NEW YORK

MIDLAND BANK'S plans to spend $820m buying 57 per cent control of the California-based Crocker National Corporation, the 14th largest U.S. bank, has been launched into stormy political seas.

Tomorrow the plan, which has stirred up the mounting controversy over foreign bank takeovers in the U.S. to a new pitch, may face its first political test. The Senate Banking Committee is due to finalise details of a new piece of banking legislation and Washington is rife with speculation that an effort will be made to attach to the Bill a clause reimposing the ban on foreign bank takeovers which expired at the beginning of this month.

The chances of a moratorium being passed by both Houses of Congress as the pre-election session expires sometime in October are impossible to calculate. One bank regulator in Washington last week put them as high as 50 : 50.

There is undoubtedly a strong undercurrent of sentiment against foreign takeovers of large U.S. banks. It emerged in the wake of the Hongkong and Shanghai Banking Corporation's controversial bid for control of Marine Midland Banks. It has been fanned not only by the Crocker proposal but also by the planned acquisition of Financial General Bankshares (a leading Washington bank holding company) by Arab interests and the fear that some other large U.S. banks, particularly weaker ones such as First Pennsylvania Bank, are obvious targets.

Testimony to the uncertainty which these cross currents have fostered has been all too evident on Wall Street. On the day two weeks ago that Midland announced it was prepared to pay around $50 a share for 6.5m of Crocker's 12.9m shares, and subsequently to inject $495m of new capital by buying a further 5.5m new shares at around $90 each—close to double the current book value—Crocker's stock was trading around $36. Recently, far from rising to reflect the value of this offer to shareholders (at a time when most leading banks are selling at below book value or only a little above it) the Crocker stock has fallen to around $34.

Next month the General Accounting Office (GAO) is expected to produce a report recommending a moratorium on foreign takeovers, a report which promises to be one focus of Congressional hearings in September.

Certainly, there are powerful forces lined up against a moratorium, including the opinion of the Federal Reserve Board and the long established U.S. tradition of welcoming foreign investment in most sectors of the economy.

But what makes the situation particularly difficult to read is the fact that the foreign banking issue is becoming bound up with what promises to be the decisive domestic issue for the U.S. banking industry in the current decade: reform of outmoded banking laws which prevent U.S. banks opening branches or making acquisitions outside a single State.

These laws are responsible for the fact that there are some 14,000, mainly diminutive, banks in the U.S., thousands of them enjoying virtual monopolies in their home towns or regions because of geographic constraints on competition.

There are already predictions that within the next few years reform of these laws will result in a wave of mergers and closures in the U.S. banking industry which could halve the number of independent banks. Little wonder then that the small banks facing this threat are preparing to mount a fierce rearguard action and are awaiting with some trepidation a White House report due shortly, which will set out the Administration's views on this issue.

Only last week, the powerful American Bankers Association, after studiously avoiding the issue of national banking because it had threatened to divide its members, began the process which will lead to the trade association forming an official policy on the issue. Officials concede that they could no longer duck the topic for fear of finding themselves overtaken by events which they might be unable to influence as decisively as they would wish.

A latent protectionist mood in the country is among factors which have turned foreign bank acquisitions in the U.S. into something of a political issue. They could consume the Midland/Crocker deal in controversy in the 12 months or more it will take for the Federal Reserve to decide whether the deal can proceed.

While not directly related to the banking industry this vein of protectionism could lead some politicians with neither the time nor the inclination to grapple with the complex issues raised by foreign control of big financial institutions to cast a vote against what many of them will see as unfair foreign penetration of U.S. markets.

Mergers . . . which could halve the number of independent banks

Why unfair? Simply because U.S. banking and anti-trust laws make it impossible for a large American bank to do what Midland is proposing and what Hongkong and Shanghai or National Westminster Bank have already done.

It is Midland's misfortune, moreover, to find itself acting at a time when the U.S. banking and finance industry is facing a decade of perhaps unprecedented change. American bankers are also becoming genuinely worried about their relative decline in international stature compared with their rapidly expanding foreign competitors.

According to a recent report by the Comptroller of the Currency, called "U.S. banks' loss of global standing," in 1956 44 of the largest U.S. banks ranked among the world's top 100 banking corporations, whereas by 1978 the figure was down to 15. The table shows how the number of U.S. banks ranking among the 10 largest in the world has dwindled in recent years.

American banks are worried that their relative decline will adversely affect their profitability and their ability to compete. They fear that U.S. banking laws which prevent them from lending more than the equivalent of 10 per cent of their capital and reserves to a single borrower will limit their ability to participate in large credits as their relative size declines and so strip them of the lead management fees the bigger banks command.

Some U.S. banks feel that one of their main problems in competing is the fact that unlike their foreign rivals they cannot fully exploit their own domestic market.

It is true that most of the largest U.S. banks have begun to sidestep regulations limiting them to a single state by opening non-bank subsidiaries such as finance companies across the country or by setting up lending offices in several states. But their inability to expand by acquisition and through opening deposit-taking branches across the U.S. is becoming increasingly irksome. They are unhappy too that the banking structures in other industrialised countries virtually precludes U.S. banks from making the sort of acquisitions Midland is planning.

It is not just in the context of their foreign competitors either that the American banks worry about their competitive position. Changing technology in the financial services industry, new laws such as this year's Depository Institutions Deregulation Act which will intensify competition between banks and savings institutions for retail customers, and the rapid growth of rival and fearsomely competitive sources of finance such as the $100bn plus commercial paper market are other factors forcing bank managements to survey the competitive horizon anxiously.

Indeed the Midland-Crocker proposal is a direct reflection of one U.S. bank's (Crocker's) assessment of the competitive forces ahead and the strengths it will need if it is to play a leading role at the world banking level. Five, or even three years ago it was virtually inconceivable that an American bank the size of Crocker (its assets total over $17bn) would feel the need to welcome the embraces of a foreign rival.

Unlike other recent foreign acquisitions there are no extraneous pressures on Crocker's management of the kind which forced the financially troubled Marine Midland management (assets $13bn) to welcome Hongkong and Shanghai's bid. Crocker is a soundly capitalised and profitable institution operating in a market—California—which is one of the most attractive, albeit competitive, banking markets in the country.

The large U.S. banks, far from joining forces with those who would seek to block foreign acquisitions of American banks are quietly using the foreign bank takeover wave as a stalking horse. Their argument is that the steady flow of foreign intruders dictates that U.S. banking laws must be changed to allow American banks to expand in size and strengthen their competitive position through inter-state takeovers.

Some of the larger U.S. banks, while seeking the attractions of increased size, may decide that if they wait Congress will expand the universe of potential partners to include other U.S. banks. This might provide U.S. bank managements with more congenial partners and fewer potential management problems (and bank shareholders with a better price for their stock) than merging with a bank overseas.

Sen. William Proxmire, chairman of the Senate Banking Committee, which starts considering new banking legislation in Washington tomorrow

AMERICAN BANKS IN THE WORLD'S TOP 10

		Assets ($bn)
1970	Bankamerica	25.6
	First National City (Citicorp)	23.1
	Chase	22.2
	Manufacturers Hanover	12.0
	J. P. Morgan	11.4
	Western Bancorp	10.6
	Chemical	9.7
1975	Bankamerica	60.4
	Citicorp	57.8
	Chase	42.5
1980*	Bankamerica	103.9
	Citicorp	102.7

* Figures less contra accounts.

Source: The Banker

Letters to the Editor

Co-operative ownership

From the Research Officer, The Co-operative Party

Sir,—People demand higher and higher cash wages each year to keep up with inflation because the system of ownership and control of British industry does not provide them with any other interest in their employing enterprise than cash reward. Efforts have been made over the years to encourage the workforce to identify more closely with their enterprises and share ownership schemes have been established and encouraged by recent Budgets. These schemes have two main drawbacks: they leave undisturbed the pattern of control of companies; employees are, collectively, a long way from obtaining a controlling interest in a company; and (this factor has been given greater emphasis in this year's Budget) the schemes are so structured to place financial reward at the top of the incentives for participating in the scheme, thus negating many of the positive benefits from share ownership.

For co-operatives share ownership is an essential qualification of membership but control rests with the body of members irrespective of their shareholding. Because of this co-operatives are not prone to "dawn raids" since accumulated share ownership is not the means of control. If a company becomes a co-operative with its workforce controlling the venture (and with the interests of those owning shares in the old company protected by reclassifying their capital as non-voting loan capital at yields equivalent to or higher than the dividends they previously obtained) then they would have interests in the venture other than a narrow financial one. The range of rewards available to them from the enterprise would include long term job security, a say in all the important decisions of the enterprise, interests on their shares and loans to the co-operative, as well as the personal income which they would derive for their services and any bonuses which were paid.

This system of reward, hits at one of the causes of inflation and, I would argue, results in higher productivity, and little, if any, industrial unrest. Members of existing co-operatives are very well aware that their wage rates are directly related to the prices they charge for the goods and services that they produce. They are also acutely aware of the need to be competitive and to offer viable goods and services. The co-operative form of organisation provides them with the ready means of identification with the enterprise and the incentive to generate success.

As things are the financial structure of British companies allocates rewards unfairly and in such circumstances workers have no alternative but to do what everyone else in the system is doing—protect their own interests. Under co-operative ownership interests coalesce; the "two sides" of industry are united in common interest and purpose. Rewards and responsibilities are allocated on a more equitable basis.

British companies, especially the small and medium sized would, therefore, be well advised to take seriously the possibilities of conversion to co-operative ownership especially as the alternative, defence of vested interests, is the trigger to the twin evils of inflation and unemployment.

Peter Clarke.
The Co-operative Party,
SW1.

Why workers work

From the Director Aims.

Sir,—Walter Goldsmith of the Institute of Directors is quite right (July 23) to draw attention to the danger of the EEC foisting trade unionists on the boards of British companies. For that he deserves our congratulations.

What I would like to do is to raise the whole question of the illiteracy of the debate on "participation." Anyone interested in the vast problem of how and why workers enjoy working knows that one of the clues is to provide the maximum opportunity for using their intelligence and experience. This is the lesson of the great experiments from Hawthorne onwards.

The best research has been done in the U.S. and it has resulted in the whole creative work approach. In Britain in the 1950s we had the splendid Tavistock work in the mines which showed that miners were more inclined to be productive when they were involved in the whole process. The research was, alas, forgotten in Britain but reappeared in the motor industry in Scandinavia.

The real answer to participation, then, is not works councils — though they may do no harm. It is a planned approach by management to involving workers in their jobs. The biggest obstacle to this is not management but our unique ship steward system. Here we have a vested interest directed against genuine participation. It will need courage by management to break through this obstacle — and less blurred speeches by members of Government.

Michael Ivens,
Aims,
40 Doughty Street, WC1.

Undermined by cuts

From Mr. M. Kerridge

Sir,—Recent correspondence regarding public spending on transport has concentrated on vested interests. Therefore, to keep a balance, I would add a viewpoint from the bus industry. It must be remembered that this industry carries ten times as many passengers as British Rail and provides one-fifth of all motorised passenger journeys in this country.

Being involved in both public transport and road transport, we can see both sides. British Road Federation argues that "It is odd that BR should feel it appropriate to claim that rail investment is unfairly treated in comparison with road." Yet that was indicated in the Leitch committee on trunk road assessment which was welcomed by the Federation.

Your railway correspondents are on surer ground in stating that if a consistent measure of cost/benefit analysis were applied to rail investment, as it is to road, then rail investment would appear relatively more attractive. The achievement of such consistency should be a major policy aim of the Government in its quest for better value for the money it spends on transport.

Cost/benefit analysis applied on an equal basis to all forms of transport investment would in many cases show an even higher rate of return to bus services than to railway services. Much depends on local circumstances but the humble bus, efficient in its use of energy and of track, is all too often undervalued and certainly has a major contribution to make in an era of declining investment. This role is being frustrated by the same lack of rationale in transport planning which is so frustrating the railway.

Bus services are also being undermined by arbitrary cuts in central and local government expenditure, so that services are in danger of collapse in many areas, further increasing people's dependence on their cars (if they have any). The new Transport Act will not solve these problems. It is time for a new deal for public transport in this country.

Martin Kerridge.
Confederation of British Road Passenger Transport,
Sardinia House,
52 Lincoln's Inn Fields, WC2.

Static 'bus service

From the Leader, Greater London Council

Sir,—I am no expert in the intricacies of bus scheduling but I think Harley Sherlock (July 15) has fallen into a technical error.

If the existing bus timetable allowed for congestion the service would be regular and reliable. Because it does not, it isn't! It follows that, with no congestion the 'buses might run more reliably and regularly (there is no guarantee) but even if they did the same number of buses could only provide 1 per cent more 'bus miles—which is all that is lost now through congestion.

I am all for regularity and reliability, which is why the Greater London Council is still installing 'bus priority measures where they are likely to prove effective. What I do not accept is that we should restrict the general freedom of hundreds of thousands of road users in order to procure, at vast expense, what would at best be a marginal improvement in the 'bus service.

Neither traffic restraint nor fares subsidies provide one single extra 'bus on the road, a fact which should always be remembered whatever their other merits.

(Sir) Horace Cutler
County Hall, SE1.

Investment in transport

From Dr. J. Collings.

Sir,—The director of the British Road Federation (July 21) scores some easy points at British Rail's expense but does not actually address the question of comparability of investment criteria between road and rail raised in BR's advertisement of July 17.

In comparing the cost of road infrastructure with rail rolling stock, BR rather undermines its own case since the rolling stock for roads is of course provided by the users. In the case of company investment in road vehicles, decisions will be based on financial returns and are comparable with the criteria imposed on BR. On the other hand, the private motorist's decision will take account of both time savings and financial returns and will be more comparable with cost benefit appraisal (although unlike cost benefit appraisal it ignores the congestion costs imposed by each motorist on other road users).

It is certainly the case that different criteria are used in assessing road and rail infrastructure investment projects. Most rail infrastructure investment however, is not subject to appraisal, being justified as essential replacement or by safety considerations. Hence the issue of comparability affects only larger rail infrastructure projects such as electrification.

The difference between financial and cost benefit rates of return are also somewhat exaggerated by the advertisement. While time savings to rail passengers are not directly reflected in the financial rates of return, it will be possible for BR to obtain some of these savings in the form of increased revenue though appropriate pricing of improved services. Such increases in revenues will raise the financial rate of return. Further, the wider view taken in cost benefit analysis can lead to a lower rate of return than the corresponding financial rate of return. For example, if the channel tunnel reduces net revenues on other crossings, the cost benefit returns to the tunnel would be reduced but the financial returns (being solely concerned with the tunnel's costs and revenues) would not.

In practice there must be doubts as to how far the issue of comparability matters. Large parts of investment in both road and rail are not appraised and it is far from obvious that ministerial decisions on the size of the road and rail investment budgets are based on the relative rates of return shown by investment appraisals in the two sectors.

(Dr.) John Collings.
University of Aston.
158 Corporation Street,
Birmingham.

Let them move home

From Mr. D. Wigley, MP

Sir,—The Prime Minister came to Swansea on July 19 and told the unemployed of Wales that if they couldn't find work they should pick up their roots and leave to look for work elsewhere. She did not specify where they should go and in the light of Tuesday's unemployment figures which show that in the best English region there are already six unemployed persons chasing every vacant job, Mrs. Thatcher's advice would seem as useless a remedy as are the rest of her policies.

Would the Prime Minister seriously tell the unemployed people of the Midlands and the South East that if they want to find work they should uproot themselves and emigrate to some overseas country where work is available? Such an attitude towards the English jobless would not be tolerated and yet this woman thinks she can get away with advocating such a remedy to Wales.

It should therefore come as little surprise in due course that the people of Wales may well tell Mrs. Thatcher and her Government (a Government which has no mandate in Wales) that it is they who can uproot themselves and leave Wales—and let us get on with governing ourselves without suffering the ignominy of arrogant insult added to economic injury.

Dafydd Wigley.
House of Commons, SW1.

Today's Events

GENERAL

UK: British Steel Corporation publish annual report.

British Rail Eastern Region announces start of work on new railway, Hambleton, Yorks.

Monopolies Commission report on new gas appliances published.

Civil Aviation Authority annual report published.

The Queen opens the new grandstand at Goodwood Racecourse—racing until August 2.

Prince Charles attends Royal British Legion garden party, Buckingham Palace.

British Telecoms exhibition opens, Design Centre (to September 13).

Summer exhibition opens, Newcastle upon Tyne (until August 2).

PARLIAMENTARY BUSINESS

Overseas: Lord Carrington, Foreign Secretary, starts official tour of Brazil, Barbados, Venezuela and Mexico (until August 10).

Final day of President Portillo of Mexico visit to Brazil.

Organisation of Petroleum Exporting Countries strategy committee continues in Taif, Saudi Arabia.

House of Commons: Debate on Opposition motion of no confidence. Motions on notification of accidents and dangerous occurrences regulations, and industrial tribunals (rules of procedure) regulations.

House of Lords: Tenants Rights (Scotland) Bill, report stage. Motions to approve cinematograph films (collection of levy) (amendment No. 8) regulations 1980. Cinematograph films (distribution of levy) (amendment No. 2) regulations 1980.

Select Committees: Treasury and civil service, on monetary policy. Witness: Prof. J. Tobin, Yale University. Room 15, 10.45 am. Public accounts, on the green paper on the role of the comptroller and auditor general. Witnesses: Mr. Michael English, MP; Sir Douglas Henley, comptroller and auditor general. Room 16, 4 pm.

COMPANY MEETINGS

Barlow's, Plantation House, 10-15, Mincing Lane, EC, 12.15. Durapipe International, Waldorf Hotel, Aldwych, WC, 11. Elliott of Peterborough, Great Eastern Hotel, Liverpool Street, EC, 12.15. Hill Samuel, Plaisterers' Hall, London Wall, EC, 12.15. W. L. Pawson, Howards Hotel, Temple Place, WC, 11. Transparent Paper, The Cafe Royal, Regent Street, W, 12.30.

Inchcape up to £65.6m and excellent start this year

SECOND-HALF taxable profits of Inchcape & Co. jumped from £18.05m to £34.45m giving the group £65.61m for the year ended March 31, 1980, compared with £41.05m, on turnover down from £1.59bn to £1.54bn. Last August, the Earl of Inchcape, the chairman, said he was confident that profits would return to around the 1977-78 level of £63.66m.

In the current year, buoyant trading conditions have so far continued in the group's major trading areas and provisional management returns show that an excellent start has been made: results for the period to date show a marked improvement over those for the same period last year.

A divisional breakdown of 1979-80 profits shows (in £000's): — general merchants, agents and related activities £18,434 (£11,659); motor vehicle distribution and assembly £26,908 (£12,488); insurance brokers and agents £4,403 (£5,936); marine operations £6,526 (£7,359); timber and construction £4,472 (£3,061); engineering and manufacturing £298 loss (£1,406 loss). Associates' contributions increased sharply from £4.95m to £10.64m.

The rising pound resulted in a reduction of over £7m in translation of profits to sterling compared with exchange rates ruling at the previous year-end.

Tax took £25.03m (£23.15m) and after minorities and preference dividend, profits attributable to ordinary holders emerged well up from £16.28m to £34.95m, representing earnings per £1 share of 43.1p (20.2p). The dividend total is raised from 16.5p to 18.15p net, with a final of 11p.

Extraordinary debits expanded from £1.31m to £5.57m and included a provision of £4.53m (£0.9m) against net assets in Iran. Dividends absorbed £14.72m (£13.34m) and retained profits were £14.66m, against £1.63m last time.

The chairman reports that the sale or close down of the commodity trading activities in Holland of Harhorn has almost been completed.

In Iran, Gray Mackenzie still retains a foothold in the shipping side of its business, but all that company's other net assets in Iran has been provided against in the accounts.

Elsewhere in the Middle East, operations have been reasonably satisfactory with increased activity in port management, tug and shipping operations. There has also been an expansion in Poon's industrial catering business in the area.

It was an excellent year for the group's activities in the Far East and South East Asia. There Berhad's operations in Malaysia was a recovery in Inchcape and Singapore, where the rationalisation initiated in the previous year enabled it to take full advantage of improved conditions.

In Japan, despite an overall decline in liquor sales, profits were in part sustained in Dodwell's specialised equipment business and shipping agencies, while the group's Hong Kong companies all benefited from the flourishing trading conditions. So far trading has continued strongly in the current year in all these areas.

The group has further developed its interest in trading relations with China assisted by the setting up of China trade offices in Hong Kong and Peking.

The board regards the Pacific basin generally as a growth area, including Australia where profits have been well maintained.

In the motor distribution business, the group has remained loyal to British Leyland and will continue to do so but, as a result, particularly in the UK, its agencies have suffered from the difficulties of the motor industry in this country. These have been largely offset by profitable trading in other sectors of Inchcape's motor business.

There has been steady growth in the banking business of Gray Dawes.

Inchcape (Bermuda), a wholly owned subsidiary is to issue U.S.$40m convertible guaranteed bonds 1995 guaranteed by Inchcape. The bonds are expected to carry a coupon of 8 per cent payable annually in arrear.

They will be convertible on and after February 15, 1981, into ordinary £1 shares in Inchcape at a price which is expected to represent a premium of not more than 10 per cent over the market price of the shares on the date when the bonds are formally offered.

For the purpose of calculating the number of ordinary shares to be issued on conversion, a fixed dollar/sterling exchange rate will apply throughout the life of the bonds. Application has been made for a listing for the bonds on the Stock Exchange.

Net proceeds of the issue are intended to be used towards repaying shorter term foreign currency borrowings of the Inchcape group and financing its future expansion.

Mann Egerton and Co., the wholly-owned motor retailing and industrial subsidiary, reports a significant reduction in pre-tax profits from £4.32m to £2.19m for the 1979-80 year, on lower turnover of £182.7m, against £184m.

Good results from Rolls-Royce, contract hire and tractor divisions could not offset substantially reduced margins from the dominant BL car sales activity. Adverse trading conditions in motor car retailing, which started in July 1979, continue.

Profits from the motor division dropped from £6.42m to £4.92m on turnover of £164.94m (£163.7m) while the industrial side incurred losses of £0.45m (£0.67m) on £17.76m (£20.3m) turnover. Interest and display charges rose from £1.43m to £2.28m.

Tax charge, increased by a claw back of stock relief arising from reduction in stock levels, was higher at £1.57m (£0.96m) and profits attributable to ordinary holders emerged at £0.29m, against £2.57m.

Lex, Back Page

HIGHLIGHTS

Lex looks at the latest in the Vickers Rolls-Royce get-together following the approval of Vickers' shareholders yesterday and the news that GEC is delaying settlement of the two companies' joint claim over nationalisation compensation for British Aerospace. GEC seems to be holding out for a change of heart by the Government. The Inchcape Group reported a recovery in profits yesterday thanks to the absence of cocoa trading losses which hit the previous year. Lex also explains the severe shortage of funds in the money markets with commercial bills speedily returning to the banking system following the ending of corset controls. Wilkinson Match was suspended yesterday pending an announcement—probably out today—while Marinex made an unimpressive debut on the market.

Higher interest cuts Ward & Goldstone to £2.6m at year end

AFTER much higher interest, up from £741,567 to £1.84m, pre-tax profits of Ward and Goldstone, insulated wires and cables, electrical accessories manufacturer, finished the March 31, 1980 year down from £3m to £2.61m. Turnover expanded by £11.5m to £74m.

Profit at the interim stage had fallen to £1.09m (£1.4m) after interest of £745,000 (£239,000), but it included a credit of £550,000 (£24,000) on the sale of fixed assets.

Stated yearly earnings per 25p share are 17.24p against 19.69p but the dividend is increased to 5.4p (4.9916p) net with a final of 4.5p.

Profit was also struck after depreciation of £1.73m compared with £1.48m, but was before a tax credit of £212 (£22,005 charge).

There was an extraordinary credit of £1.16m (nil) and exchange losses of £644,808 (nil), and the amount retained was £2.3m against £2.22m.

Capital expenditure during the year totalled £4.21m.

● comment

It would be nice to see some larger, rather than smaller, numbers from Ward and Goldstone, which has produced the third successive year of pre-tax profits decline. Yet the second half represented a strong recovery against the first and the company is clearly taking measures to protect itself. The past few months have seen 1,400 redundancies, a cut-back of no small proportion of around 5,000 employees. About one half of the lay-offs occurred in the car wiring division, which is performing reasonably in the first quarter of the current year. There have been other efforts at streamlining and a new factory for electrical accessories is being developed near Wigan. But interest charges are taking their toll, having more than doubled last year. Net borrowings are approaching £13m and this means a gearing level of close to 60 per cent, a level which may become less worrying as the company brings its operating costs down. Meanwhile, given the difficulties facing others in the electrical accessory business (such as M.K. Electric), Ward and Goldstone will have to work hard to correct its recent profits slump. The yield is 12.5 per cent and a fully taxed p/e of 7.4 at 66p makes the shares look reasonably priced.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Bath and Portland, City Offices, Drayton Far Eastern Trust, Grindlays Holdings, "Investing in Success" Equities, National Westminster Bank, Vantona.

Finals:—Acrow, Belhaven Brewery, Brady Industries, Manson Finance, Regional Properties.

FUTURE DATES

Interims:—	
British Aluminium	Aug. 6
Glynwed	Aug. 6
Stenhouse	Aug. 14
Taylor Woodrow	Aug. 5
Wardle (Bernard)	Aug. 21
Woodhouse and Rixson	Aug. 19
Finals:—	
Ailsa Investment Trust	Aug. 7
Black (Peter)	Aug. 7
Nolton	Aug. 7
Norton (W. E.)	Aug. 5
Pullman (R. and J.)	Aug. 21
Scottish English and European Textiles	Aug. 20
Smith, Whitworth	Aug. 4
Watsham's	Aug. 1

Unilock sales and profit up

AS EXPECTED, Unilock Holdings, the partitioning systems and office furniture group, has again increased its profits and reports a pre-tax figure up from £1.36m to £1.51m for the year to March 31, 1980, on sales of £13.48m against £11.23m.

However, Mr. M. H. Newman, chairman, says the immediate prospect is that the group is likely to experience an overall reduction in volume and profit against budget and possibly also against the 1979-80 figures.

But with the recent acquisition of the Ergonom Group and other developments carried out during the year, the Board has invested the equivalent of over £2m in the future growth of the group. The chairman believe these significant moves will stand the group in good stead.

Stated earnings per share at the 1979-80 year-end are 6.5p against an adjusted 4.73p and a final dividend of 1.45p effectively lifts the total from 1.796p to 2.1p.

The group's shares are traded in the market made by M. J. H. Nightingale and Company.

Gresham Investment lifts profits 21% and confident

TAXABLE PROFITS of Gresham Investment Trust climbed 21 per cent from £1.22m to a record £1.47m for th eyear ended March 31, 1980, compared with a forecast of around £1.4m made at the interim stage. Despite the current economic outlook, the directors are confident that results for the current year will again be satisfactory. The group's principal activity is merchant banking.

When reporting first-half profits up some 15 per cent from £0.5m to £0.58m, the directors forecast that the percentage rise would be maintained in the second six months.

Mr. Peter Wreford, the chairman, says a worthwhile increase in new business has been achieved, despite increased competition from several institutions who were not previously active in providing finance for smaller companies.

The financial position of the group is exceptionally strong and liquidity remains high, he states. Gresham is maintaining its policy of sound and prudent expansion of its banking operations and, at the same time, is expanding the activity of providing long-term and permanent capital to the successful private company.

The group has a number of investments in companies where its interests comprise more than 20 per cent, although they are not "associated" investments. If earnings from these companies, instead of actual dividends received, had been included, pre-tax profits would have been £2.21m (£1.65m).

Tax for the year took £0.57m (£0.46m) and earnings per 25p share advance from 4.7p to 5.6p. A net final dividend of 2.12p lifts the total payment by 26 per cent from 2.34661p to 3p per share, absorbing £488,000 (£378,00).

Net asset value, afer prior charges at par, was 75p per share.

Capital profits, before tax, amounted to £515,000, compared with £768,000.

● comment

The shares of Gresham Investment Trust, at 76p, are now trading at a small premium to their balance sheet book value. This is partly because the market value of Gresham's gilts and quoted investments has risen substantially since late March and partly because its very cheap loan stocks are entered at par. Most important, however, is Gresham's holding in Manfield Cavendish which will produce book profits of well over £0.5m if the proposed bid goes through. The company is therefore sitting on a very sound and liquid balance sheet, while continuing to derive a steadily rising income from its small company investments. Gresham is handling fewer applications for funds, perhaps because competition in this area is stiffening, but the amounts being sought continue to grow in real terms, so the company still has its hands fairly full. On the banking side, by contrast, new business remains hard to find but, with handsome profits on its quick assets, Gresham is probably not complaining. The p/e of 13.2 on reported earnings is not exceptionally demanding and the yield is 5.8 per cent.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Colonial Secs.	int.	3.5	Sept. 1	2.5	§	10.5
Gresham Inv. Tst.		2.12	Aug. 29	1.55	3	2.35
Habit Precision	int.	0.55	Sept. 1	0.55	—	1.1
Hampson Inds.		0.53	—	0.48*	0.8	0.73*
Inchcape		11	Oct. 2	10	18.15	16.5
Provincial Cities		1.29	Oct. 2	0.99	2	1.78
Temple Bar	int.	2.5	Sept. 30	2.25	‡	7
U. C. Investments	int.	45¶	Sept. 12	17	—	60
Ward & Goldstone		4.5	—	4.09	5.4	4.99

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Final of not less than 5p forecast. § Final of not less than 8p forecast. ¶ South African cents throughout.

Recession forces Monument Secs. to close U.S. operation

Universal Towel, the U.S. subsidiary of Monument Securities, which supplies industrial laundry machinery, has ceased to trade following a severe drop-off in trade and substantial losses. And Monument itself is seeking an urgent cash injection.

The company said that the company's trading experience reflects the U.S. recession. There has been a big cutback in the purchase of capital equipment and in the last 15 months the company's sales fell by over 50 per cent compared with the previous year.

The proceeds of the business are to be distributed to the creditors but the amount of this will depend on what prices the stock realises when it is sold.

Monument does not anticipate that there will be any material surplus repatriated to the parent company and a provision of £158,000 has been made which represents the total investment and sums due from the U.S. company.

Monument, which showed a loss of £38,138 in 1978-79, said that the group's bankers (The Royal Bank of Scotland and Barclays) are prepared to continue their support but the group is pursuing various alternatives with regard to the refinancing of the group on a more permanent basis.

The company said yesterday that it was actively looking for a substantial cash injection which could involve the dilution of existing shareholdings. "Unless we get an injection of cash we could not carry on much longer," said a spokesman.

He said that the company had a number of meetings with its bankers who had declared their support for the time being, but they wanted to see a swift conclusion to the talks with the various parties involved. This was expected in a month or so.

MILFORD DOCKS APPOINTMENT

Mr. Peter M. N. Jennings, an executive director of Guinness Mahon and Co. was elected as a director of the Milford Docks Company at a board meeting yesterday.

On Thursday, shareholders are to vote on the election of directors following an adjourned annual meeting at which a ginger group attempted to have their own representatives elected to the board. The ginger group is still seeking election at Thursday's meeting in spite of opposition from the existing board underlined by yesterday's appointment.

DRAKE & SCULL SMALL HOLDINGS

The Board of Drake and Scull Holdings is to make available to holders owning up to 500 ordinary shares or up to 500 preference shares the opportunity to dispose of their holdings without incurring Stock Exchange costs. The company will on behalf of those willing to dispose of their holdings arrange for all respective holdings to be aggregated and sold in one or more large parcels in the market.

Under these arrangements, the company will pay all Stock Exchange costs of disposal, but will not be responsible for any Capital Gains Tax, Capital Transfer Tax or other tax for which shareholders may be liable as a result of such disposal.

Hampson advances to £0.7m

A SECOND HALF increase from £309,936 to £384,243 has lifted the taxable surplus of Hampson Industries, engineering and industrial cleaner group, to £705,653 for the March 31, 1980 year, compared with £584,116.

From earnings of 2.54p (1.97p) per 5p share the dividend is effectively raised to 0.8p (0.7273p) net with a final payment of 0.525p.

Turnover for the year amounted to £16m, compared with £12.73m and profits were subject to tax of £209,078 against £195,587. The attributable balance was ahead from £376,208 to £471,019.

Hartley back in profit

INCLUDING TAX credits, higher at £31,010 against £2,360, Hartley Industrial Trust, property investment, development and dealing company, turned in a profit of £55,816 for the year ended March 31, 1980, compared with a loss of £90,520.

Stated earnings per 20p share are shown as 3.24p against 5.25p loss, but again there is no dividend—the last payment was 0.67p net for 1977-78.

Turnover for the year improved to £444,401 (£381,843). The tax credit included £27,620 (£1,470) relating to extraordinary items.

Profit was boosted by an extraordinary credit of £65,390 (£4,702). The company is a subsidiary of Honeytree Trading Company, whose ultimate holding company is Alcrafield.

NATIONWIDE LEISURE DELAY

Nationwide Leisure, the caravan park group whose previous board was turned out after a change of ownership earlier this year, will not report on the acounts for 1978-79 until an accountants' investigation has been completed, Mr. Vincent Cobb, managing director, says.

The new board was appointed at an EGM in April following the acquisition of a 60 per cent stake by Ramlodge, and then asked the auditors to prepare accounts for the six months to April 30.

It also instructed an independent firm of accountants to look into aspects of its business and that of its subsidiaries and to submit a report. Until that has been done, he said, it would not be appropriate to issue the accounts for the year to October 31 last.

He said the new management team was taking steps to make use of profit opportunities in the leisure field, with action already taken likely to improve the trading position.

Britannic Assurance half year

NEW BUSINESS figures from Britannic Assurance Company for the first half of 1980 shows total sums assured of £231.54m against £176.09m comprising £147.4m compared with £113.2m in the industrial branch and £84.15m (£62.88m) from the ordinary branch.

Premium income for the industrial side totalled £34.15m against £26.2m but is not strictly comparable due to the changed system for life assurance tax relief.

In the ordinary branch, annual premiums were £9.25m (£7.69m) and single premiums and annuity consideration, £88,000 (£97,000). General branch annual premiums were £6.04m against £4.5m.

AIRFIX ACCOUNTS DELAYED

Airfix Industries has decided to postpone the preliminary announcement of the results for the year ended March 31, 1980, in view of the delay in finalisation of the accounts of Meccano Limited, following the closure of the Liverpool factory.

A further announcement will be made as soon as possible.

BALLETIQUE

A receiver has been appointed to Balletique, a producer of ballet and dancing shoes, which operates from Watford and employs about 40 people.

The company is now in the hands of Mr. Christopher Morris of Touche Ross and Co.

RESULTS AND ACCOUNTS IN BRIEF

M AND G AMERICAN AND GENERAL FUND—Interim distribution on income units for period to January 25, 1981, 0.5p net per unit (0.4p) payable on September 20, 1980.

BENLOX HOLDINGS (stonemasonry, property holding)—Results for year ended February 29, 1980, already known. Shareholders' funds £433,740 (£218,697). Bank balances and cash £152,252 (£73,259). Bank overdraft (secured) £18,900 (nil). Bank loans (secured) £9,770 (£36,709). Chairman says group is continuing its constant search for suitable investment opportunities. Meeting, Winchester House, EC, August 13, 2.30 p.m.

M AND G COMMODITY AND GENERAL FUND—Interim distribution on income units for period to January 25, 1981, will be 1.45p net per unit (1.3p net) payable on September 25, 1980.

LEVEX (fabric printer)—Results for year to December 31, 1979, reported June 26. Shareholders' funds £831,545 (£550,684); cash at bank £395,881 (£81; bank overdrafts (secured) £330,698 (£127,261). Meeting: Winchester House, EC2, August 22, noon.

NEGRETTI AND ZAMBRA (industrial and aviation instrument maker)—Results for the year to March 31, 1980, reported July 25 with chairman's observations on prospects. Shareholders' funds £3.13m (£4.79m). Current assets £7.15m (£7.81m). Current liabilities £5.03m (£3.56m). Decrease in working capital £603,183 (£502,382 increase). Group loss on a CCA basis increased by £376,200. Meeting, Winchester House, EC, on August 28 at noon.

SDMIC (kraft paper and fabrics)—Results for year ended March 31, 1980, reported June 26 with prospects. Shareholders' funds £933,338 (£924,45p). Bank overdraft £251,046 (£120,486). Meeting, Warrington, August 31, 3 p.m.

VANGUARD HIGH YIELD FUND—Final distribution on income units for the period to July 21, 1980, will be 3.9p net per unit (3.39p) making total distribution for year 6.2p net per unit (5.39p).

SPAIN

July 24	Price %	+ or −
Banco Bilbao	228	+2
Banco Central	246	
Banco Exterior	210	
Banco Hispano	224	
Banco Ind. Cat	120	
Banco Madrid	141	
Banco Santander	276	
Banco Urquijo	136	−3
Banco Vizcaya	236	
Banco Zaragoza	211	−2
Dragados	86	+2
Espanola Zinc	59	
Fecsa	60.5	−0.2
Gal. Preciados	25	+1
Hidrola	67.2	+1
Iberduero	61.2	
Petroleos	118.5	+2
Petroliber	87	
Sogefisa	107	
Telefonica	62.5	−0.2
Union Elect	66.2	+0.5

هكذا من الأصل

INVESTMENT TRUSTS

Globe Trust expects to pay not less than 7.25p

THE DIRECTORS of Globe Investment Trust, the largest investment trust in the UK, are confident that the total dividend for the current year will be no less than the 7.25p paid for 1979-80.

The dividend, up from 5.6p, followed record results for the year to March 31, with pre-tax earnings rising from £16.62m to £20.93m and basic earnings per stock unit stated as 7.935p against 6.167p.

In his annual report as governor, Mr. E. D. G. Davies says the trust remains committed to a gradual increase in overseas interests, but it is more likely that the prospect of above average performance can be offered by concentration into more specific areas and situations.

"A careful policy along these lines now forms part of our objectives," Mr. Davies says.

In pursuit of this policy, the acquisition of West of England Trust was completed during February. This investment increases funds under management by some 50 per cent as well as giving a direct involvement in the provision of a wide range of services in the financial sector.

Other major subsidiaries of the trust include, Tyndall Group, Jordan and Sons, the Electra Group and Rothesay Trust.

On Electra Investments (Zimbabwe), Mr. Davies says it is still not possible to remit either revenue or capital to the UK. While the investment stands at the original cost of £1.65m, net asset value attributable to Globe at March 31, 1980 was Z$40.48m.

The value of the 63 largest investments is £120.69m and represents 39.67 per cent of the value of the portfolio of the group as at March 31, 1980. Included in the list are investments of Electra Investment Trust in which the company has a 74.44 per cent interest.

The group also held various securities of London and Scottish Marine Oil Company with a market value of £5.89m, various securities of the Oppenheimer group at the directors' valuation of £4.92m, various securities of Hume Corporation at the directors' valuation of £1.13m and Government securities with a market value of £5.89m.

A subsidiary company also held £4.88m nominal 11¼ per cent convertible unsecured loan stock 1990-95 of Globe Investment Trust with a market value of £5.2m. This latter holding resulted from the acquisition by Globe Investment Trust of the subsidiary company's holding of shares in The West of England Trust and has subsequently been sold.

The group's balance sheet shows investments at valuation at March 31, 1980 as £304.23m (£334.69m) and net assets of £258.73m (£283.59m) with net asset value per 25p stock unit of 159¼p (183¾p).

Stockholders' funds stood at £258.73m (£283.59m) with reserves of £218.14m (£245.04m).

Meeting, Electra House, Temple Place, September 16, at 12.30 pm.

Meldrum

Revenue of Meldrum Investment Trust, a subsidiary of British and Commonwealth Shipping, came out ahead from £267,301 to £394,413 for the half year to June 30, 1980, after tax of £193,831 against £132,559.

Gross revenue amounted to £627,586 compared with £432,443, and earnings per 25p share are shown as 1.98p (1.33p).

As already announced, the interim is 1.25p (1p) net per share and directors forecast a final of 1.75p—last year's final of 1.5p, and a special 0.5p, were paid from net revenue of £672,000.

Improvement at Colonial Securities

First half 1980 revenue of Colonial Securities Trust Co. pushed ahead from £237,100 to £264,900, before tax of £103,100 against £94,300.

To reduce disparity the net interim dividend is raised from 2.5p to 3.5p. It is the intention to at least maintain last year's final of 8p.

At June 30, the net asset value per 25p deferred share was 366½p compared with 312¾p on December 31, 1979.

Gresham House

Taxable profits of The Gresham House Estate Company, an investment trust with property development interests, rose to £544,000 in 1979, compared with £451,000 a year earlier.

The dividend is lifted from 3.3p to 3.65p net with a second interim of 3.25p.

Earnings, after tax of £214,000 (£199,000), are shown up from 6p to 8.1p.

Temple Bar earns and pays more at midway

Attributable earnings of the Temple Bar Investment Trust, an Electra House Company, came out ahead at £1.02m for the first half of 1980, compared with £835,000, a 22.5 per cent increase.

The interim dividend is lifted to 2.5p (2.25p) net per 25p share, costing £709,000 (£638,000), and directors forecast a final of not less than 5p—last year there was a final of 4.382p and a special payment of 0.368p paid from attributable earnings of £2.1m.

Gross revenue for the six months amounted to £1.67m against £1.4m, and the attributable balance was struck after tax of £510,000 (£437,000), and preference dividends of £22,000.

The directors state that the increase in earnings should not be taken to imply a similar rise for the full year.

Net asset value per share is given as 137¾p as at June 30, compared with 120½p at December 31, 1979, and 136¾p (120¼p) allowing for full conversion of loan stock.

Provincial Cities

After tax of £46,646 against £50,452, income of the Provincial Cities Trust, came out lower at £101,741 for the year ended May 31, 1980, compared with £116,879.

Earnings per 25p share are down from 2.41p to 2.1p but the dividend is lifted to 2p (1.78p) net with a final payment of 1.29p.

Gross income for the period was £32,251 down at £177,671.

Moorgate Mercantile turnover up

Although trading conditions in the current year have become more difficult, the first quarter's turnover at Moorgate Mercantile Holdings, instalment credit and insurance group, has been greater than in the previous quarter says Mr. Julius Silman, the chairman. If the present rate of activity can be maintained, the board looks forward to another successful year, he tells members in his annual statement.

Despite the recession in the motor car industry, business, though harder to come by, still remains at a satisfactory level. The recession has produced "trading-down" with buyers opting for a good used car instead of a new one—the company's business is mainly the financing of cars in the used sector.

There has been no noticeable change in the level of collections, which remain satisfactory, while a reduction in interest rates, of which there are now firm indications, will be of additional benefit.

For the year ended March 31, 1980, pre-tax profits rose from an adjusted £294,868 to £400,034. The dividend is being raised from 0.5p to 0.75p—the directors are conscious that the return to members has been modest, but with the company's strengthened financial position and improving profits, they aim to see that members receive a reasonable return on their investment.

Shareholders' funds increased from £1.77m to £2.05m at the year-end.

Meeting, Chartered Accountants' Hall, EC, August 19, noon.

Midterm fall at Habit Precision

Affected by the lingering effect of the engineering strike and general fall off in demand, taxable profits of Habit Precision Engineering declined from £40,500 to £18,000 in the six months to March 31, 1980. However, the directors say a second half improvement is hoped for.

They report that the acquisition of Technicraft (Hayes) has been completed and this subsidiary should provide a useful contribution to profits. Overheads have been reduced throughout the group, and the sales force increased.

During the first half turnover advanced from £784,000 to £816,000. Profits were struck after higher interest of £31,000 (£25,000). Tax took £10,000 (£22,000) and earnings per 5p share are shown to have fallen from 0.63p to 0.27p.

The net interim dividend of this precision cutting tool manufacturer is held at 0.55p. Last year's total payment was 1.1p from profits of £4,000, which were after crediting £4,000 profit on sale of investments.

Better second half for Wm. Sommerville

Against a decline from £189,000 to £175,000 at mid-year and expectations of a poor second half, taxable profits of William Sommerville and Son, paper maker, have recovered to finish the year to May 31, 1980, slightly higher at £309,558, compared with £306,745.

An increased final dividend of 3.95p (3.45p) makes a total of 4.5p, against last year's 6.04p, which included a special payment of 2p.

Earnings, after tax of £162,977 (£163,300), are shown as 22.51p (22.02p). Turnover for the year was £5.99m (£5.9m).

Midway fall for Plastic Constructions

For the half year ended March 31, 1980, both turnover and profits of Plastic Constructions were down, from £5.62m to £5.17m and from £124,102 to £106,026 respectively.

Profits for the previous year were £402,000 from a £10.9m turnover.

The directors state that since the end of the steel strike industrial activity has progressively declined, accelerated by high interest rates and increased operating costs.

They feel, therefore, that it is imprudent to make forecasts, but every effort is being made to maintain the company's full share of the currently depressed market.

After six months tax of £55,133 compared with £64,533, earnings are shown as 1.08p (1.26p) per 10p share, and the interim dividend is unchanged at 0.836p net—last year's final payment was 1.8303p.

First half figures exclude the overseas associate, Plastco, of Israel, which will be dealt with in the annual accounts.

Twinlock loan stock changes

Twinlock, the unquoted office equipment group, is seeking the approval of its unsecured loan stockholders for an increase in the interest payable on the stock and to amend the trust deeds.

A circular to the holders of the outstanding £2.73m 12 per cent unsecured loan stock 1976/99 has been posted.

With effect from and including the date on which the proposals become effective the rate of interest payable on the stock will be increased from 12 per cent to 15 per cent per annum. The first payment of interest reflecting such increased rate will be made on November 30, 1980.

In addition to a disposal of assets clause is also sought which will provide that no disposals of assets made before July 25 1980 and no future disposals to third parties of the investment properties of the group shall be taken into account for the purposes of a clause in the Trust deed.

The properties named are those at Shannon Corner, Burlington Road, New Malden, 27/29 Cursitor Street, London, EC4 and Advance Works, Grove Works, Bridge Works and 19-53 Wallace Road, Canonbury.

There will be a limit on priority borrowings of the members of the group exceeding, up to and including December 31 1980, an amount equal to one and one-third times the share capital and consolidated reserves, and thereafter an amount equal to the *share capital* and consolidated reserves.

The priority borrowing limit will be in addition to the present limit that all borrowings of the members of the group should not exceed twice the share capital and consolidated reserves.

Twinlock said that it considers "that it is important to reduce the overall level of borrowing of the members of the group."

It is planning to dispose of the *investment properties* of the group which are properties owned by members of the group but no longer used for trading by them, and to apply the proceeds of such sales in reducing borrowings to a more satisfactory level.

As a result of the proposals the annual income of stockholders will be increased by 25 per cent.

First half profits had fallen £30,000 to £121,000. The directors said then that the start of the second half has seen an improving trend and the outcome for the year was likely to be more satisfactory than seemed probable earlier.

After tax of £149,000 (£138,650) net earnings per share are 1.36p against 1.71p. The final dividend is unchanged at 0.918p maintaining the total at 1.303p.

Some directors and their associates intend to waive rights to the final dividend on 6.28m shares (4.73m). After allowing for these and waivers on the interim, total cost of dividends is £76,956 against £103,247.

Higher costs affect Elbief

Sales of Elbief Co. advanced from £2.86m to £3.29m in the year ended April 30, 1980 but increasing production and overhead costs have left pre-tax profits at £311,100 compared with £353,900 previously.

44 companies wound up

COMPULSORY winding up orders against 44 companies were made by Mr. Justice Vinelott in the High Court. They were:

G. Entertainments (formerly Geoffrey Winship), B. Guy, Guncrete (Marine), Block Grey and Block, B.C.H. Building Contractors, Surbglade.

Tuftbest, Alro Club (Holdings), Pronate (Car Sales), Sperring General Engineering (Wales), Wictron, Jamaaz.

Pyedean, Harwell Instruments, R. F. Freeman, The Gaddi Organisation, Matscene, Valway Motors.

Society Cleaners (Major), Overseas Freight Services, Chumway, A. E. Morris (Yorkshire), Headmount, C. and K. Contractors (Sheffield).

Brownlow Glass, Buckland Builders, Heroncliff, Major Roofing Company, Melbourne Fibreglass Works, Andeve.

Penklu, Southminster Securities, Second City Print, Attengate, Surgelynn, Pebbletone, Zainab Fashions, D.B.R. Investments, Sonnyplaster, R.E.P.P. International Publications (UK).

Filzstephen and Sons (Builders), Francis (Clocks), Winner Boats (Europe), Playboy Boutique.

HIGHLAND DISTILLERIES

The Monopolies Commission report on the proposed takeover of Highland Distilleries by Hiram Walker-Gooderham and Worts should be published on August 5 at 4.30 pm.

Disappointing debut for Marinex

Marinex Petroleum, the onshore oil exploration company with a 14 per cent stake in the Humbly Grove field, made a rather disappointing debut yesterday when trading began under Rule 163(iii). Although the shares were oversubscribed when offered to investors at 160p, they started trading 20p lower before recovering slightly to close at 148p.

The Marinex performance was not an isolated case however, as a number of secondary oil companies watched their shares fall off under the impact of market concerns that the North Sea shares boom had been overdone.

Resignation at Imperial Foods

Imperial Foods, a subsidiary of Imperial Group, said a difference of opinion over future policy on the poultry side had led to the proposed resignation of Mr. William Wiley from its board.

No date was given for the resignation, also described as stemming from a disagreement over the reorganisation of Ross Buxted Nitrovit, which controls the UK poultry interests of Imperial Foods.

Mr. Wiley, who is not on the main Imperial Group board, is also stepping down from the chairmanship of the poultry subsidiaries, recently suffering from difficult trading conditions. Mr. Terence Sharman will become head of Buxted Poultry—he is also chairman of Golden Wonder and Smedley-HP Foods—with Mr. Eric Waller taking responsibility for the other UK poultry interests for the time being.

£0.23m profit by Amsteel

In its first full trading year, to March 31, 1980, the Amsteel Group reports pre-tax profits of £226,000 from turnover of £7.38m. The group is one of the larger fabricators of steelwork.

Operating subsidiaries of the group, formed in December 1978, are Graham Wood Structural of Lancing, Sussex and Broadwell Buildings of Brierly Hill.

Shareholders of Amsteel include senior executives and Scottish Northern Investment Trust, Edinburgh Investment Trust, Railway Pension Investments, Scottish American Investment Compank, Scottish National Trust, Company, Glasgow Stockholders Trust and Dalscot.

BIDS AND DEALS

Higgs still refuses to allow independent report

BICC, the electrical and engineering group, has pledged itself to bid for contractors Higgs and Hill provided that an indepeodent audit of work in progress and net tangible assets is "satisfsctory."

But Higgs' board continues to refuse BICC's demand to let independent accountants investigate its contracts.

Mr. E. W. Phillips, Higgs' chairman, says BICC's pre-condition for bidding "doesn't become the stature of the company."

The request is "unreasonable" because it would take "three months or more" for nsw accountants to look at the group's nearly £500m of work in progress aod io any case the figures have already been given a clean audit certificate.

Meanwhile, he said sucb an iovestigation could have an "irreparable adverse effect" on the company with potential clients, suppliers and sub-contractors who might fear, erroneously, that "something was wroog with Higgs."

If BICC wanted to be more sure of its ground in making a bid it should wait until Higgs' interim profit figures are released in September, Mr. Phillips said. BICC's demands for more information than is supplied to shareholders would be against their interests.

He was also concerned at the possible outcome of an independent audit. New accountants would find it difficult to get to grips with the huge contracts involved and "would bend over backwards to be cautions."

BICC retorted that it was prepared to be flexible. It would not expect an independent examination to produce precisely the samn figures as in thn audited accounts. If they were not materially different, however, it would not quibble and even if they were mucb lower it migbt still go ahead with a bid "albeit at a lower price."

BICC also stressed that it was not asking for access to sensitive commercial information or accounting records. It simply believed that commercial prudence required it to confirm independently the large proportion of a contractor's assets whicb are tied up in long-term cootracts.

EOI STILL IN TALKS

English and Overseas Investments, whose activities cover fine art publishing, bulk storage equipment and property, said talks are still going on sbout possible offers for the company.

Earlier this month, the company asked for its sbsres to be suspended after approaches from two parties. It also reported a drop in pre-tax profits from £549,000 to £436,000 for the financial year to March 31, 1980.

At tha suspension price of 14½p, English and Overseas is valued in the market at nearly £1.5m. Their highest level this year was 25p.

Metal Box (SA) stake in Chile canning group

Metal Box South Africa has bought a 50 per cent interest in Compania de Inversiones Lota Schwager, the holding company of Chile's second largest can manufacturer, Fabricia de Envases (FESA).

The purchase price is $4m and the acquisition bas been financed by an offshore loan.

The acquisition gives Metal Box South Africa a msrket for the technical expertise and machinery used st its Walvis Bay fish factory on the Namibian coast. This factory was closed recently as a result of the aharp drop in the local fish catch.

Metal Box has agreed to supply technology and machinery to FESA, which is expanding its fisb can manufacturing operations. Two factories built by the group to manufacture fish cans in Chile are scheduled to come on stream early next year.

Wilkinson Match suspension

Shares of Wtlkinson Matcb were suspended yesterday, ss Allegheoy Ludlum of the U.S. put the finishing touches to its proposed £27m offer for the near 56 per cent of the UK razor and match company wblch it does oot already own.

At the 160p suspension price, 8p below the level at which Allegheny has said it might bid, Wilkinson is vslued in the market at nearly £46m. In the 12 months to March 31, its pre-tax profits slid from £19m to £14m.

Wilkinson said at the start of the month, when the sharp rise in its shsres had prompted Allegheny to make its contemplated full offer koown, that a further announcement would be made near the end of July.

Allegheoy, a Pittsburgb-based steel products company which took its stake in Wilkinson over two years ago in a controversisl deal, said it plaoned to keep the existing management and style of operation.

The Stock Exchange is still lookiog into the sharp rise io Wilkinson shares before the Allegheny bid statement to see if there was any dealing by losiders, an activity now illegal under the new Companies Act.

HAY'S WHARF RECOMMENDS ACCEPTANCE

Directors of The Proprietors of Hay's Wharf, faced with a fait accompli, have decided to recommend shareholders to accept the Kuwait Investment Office £53.7m cash bid for the sbipping transport and property group.

This follows last week's announcement that the Kuwaitis had bought sufficient shares in the market to take their stake in Hay's Wharf to 50.5 per cent. Hay's Wharf said that "in the circumstances" it is in shareholders best interests to accept the offer.

The Board had earlier opposed the Investment Office's 250p a cash offer as "opportunistic and inadequate." A formsl offer document which will contaio a letter from the Hay's Wharf Board giving its reasons for recommeoding acceptance will be sent to shareholders shortly.

Magnum raises stake in Phicom

BY WONG SULONG IN KUALA LUMPUR

Magnum Corporation, the Malsysian lottery organisation, is buying a majority stake io Phicom, an electronics and eogineering company with a London Stock Exchange listing, in a share exchange deal worth over 51m ringgit (£10m).

Magnum plans to issue 5.73m of its own shares, valued at oine ringgit each, in exchange for 25.8m Phicom shares, valued at 2 ringgit, from Multi Purpose Holdings of Malaysia, and its sssociate, Multi Purpose Co-operative Society.

Magnum already owns 400,000 shares in Phicom, the former UK side of Plantation Holdings, and will have nearly 64 per cent after the deal with Multi Purpose, which took over Phicom two years ago.

Phicom suffered a drop io pre-tax profits from £1.31m to £1.12m last year, on turnover up from £31.9m to £33.4m. Operating profits were higher, but interest charges were up sharply.

Magnum, whose own operating pre-tax profit rose by nearly 12 per cent to 24.4m ringgit (£4.8m) io 1979, said its purchase of the controlliog stake in Phicom was for loog-term investment. The UK Takeover Panel, it added, did not consider a general offer to be obligatory.

Another effect of the transaction will be to leave Multi-Purpose Holdings, controlled by leaders of the Malaysiao Chinese Association, a partner in the Malaysian Government, ss the largest single shareholder of Magnum.

PENNINE COMMERCIAL

Pennine Commercial Holdings of Manchester has agreed to acquire the capital of Stapleshield for £27,500, payable as to £16,500 cash and £11,000 by the issue of 110,000 ordinary shares.

Stapleshield specialises io the transportation of caravans aod mobile homes.

Its net assets as at July 3, 1980 are warranted by the vendors st not less than £16,000 and post-tax profits for the year to January 31, 1980 were £11,475.

ROYAL CONVERTS SCOTT. MET. LOAN

Royal Insurance Company is to exercise its right to convert the £1m 7.5 per cent mortgage loan advanced to the Scottish Metropolitan Property Company into ordinary 20p shares as at August 15, 1980.

The 1,835,080 new Scottish Metropolitan shares which will be issued as a result will rank pari passu except that they will not attract any dividend for the year ending on the conversion date.

The conversion will lift Royal Insurance Group's stake in Scottish Metropolitan to 18.76 per cent.

MINING NEWS

UC Investments boosts its interim payment

BY KENNETH MARSTON, MINING EDITOR

MORE than doubled half-yearly net profits coupled with a boosted interim dividend for 1980 are announced by South Africa's UC Investments, the General Mining Union Corporation group's gold and platinum investment company.

The interim dividend is lifted to 45 cents (24.7p) from only 17 cents for 1979 when there was a subsequent final of 43 cents.

	Six months 1980 R000	1979 R000
Inv. income	16,489	5,138
Realisation invs.	946	1,716
Recoupment write offs	—	52
Directors' fees	15	15
Other expenditure	179	154
Profit before tax	17,241	7,737
Tax	376	661
Profit after tax	16,865	7,076
Dividends	8,775	3,315

Against the background of sharply rising gold and platinum dividend revenue the UC net profits for the six months to June 30 bave advanced to R16.87m (£9.29m) from R7.08m in the same period of last year. The totsl for 1979 was R16.62m.

Because the company now treats dividend income as accruing on the last day for registration, as opposed to the previous practice of taking in only those payments which were receivable within the accounting period, there bas been s non-recurring addition income in the past half year of R1.27m.

The market value of the company's investments at June 30 bad risen to R355.8m, compared with R152m a year previously, and will bave appreciated further in the past weeks. Dividend income remains on a rising curve and so the shares at 570p can be considered to be on a potential yield basis of at least 10 per cent.

ASHTON DOES A DEAL WITH THE ABORIGINALS

AN AGREEMENT bas been signed in Perth by the recognised aboriginal custodians of the Argyle aboriginal sites in Western Australia and the Ashton joint venture diamond project (headed by Conzinc Riotinto of Australia) for the development of the Argyle mining field and for assistance in the development of the locsl community which is resident on Glen Hill pastoral lease.

In essence, spokesmen for the aboriginals have agreed to put up with disturbance caused by mining in the area in return for improved facilities for the residents there. The Ashton partners have agreed to spend some A$200,000 (£97,600) as a first stage on capital works which include the provision of sanitation, electricity supply and water.

The second stage assistance will be dependent on the approval of the various authorities for mining to be carried out at the Argyle prospect and will amount to speoding of some A$100,000 a year at Glen Hill.

Employment will also be offered to the aboriginals. At this early stage, however, there appears to be no rusb of spplicants although the joint venturera solemnly announce that one worker is expected to start next week.

Strike hits Yellowknife

CANADA'S major gold producer, Giant Yellowknife Mines bas lifted its income for the past half year to C$7.9m (£2.88m) from C$2.3m in the same period of 1979. The impact on earnings of higher gold prices easily offset tbst of a fall in production to 31,675 oz gold from 40,783 oz. But labour troubles cloud the present quarter.

The fsll in production stemmed from a work slow-down underground together with a two-week labour stoppsge in April, reports John Soganich from Toronto. During the second quarter the company's open-pit operations produced about 50 per cent of the mill feed.

Earlier this month, however, all production came to a standstill and, according to the management, there is no indication of the possible duration of the strike.

Hamersley's new ore contracts

JAPAN'S Nippon Steel says that itself and nther major Japanese steel companies have jointly signed agreements with the Rio Tinto-Zinc group's Hamersley iron ore complex in Western Australia for a two-year extension of the iron ore supply contracts which expired in March.

These are two of four contracts concluded with Hamersley and provide for annual sbipments of 5.64m tonnes out of the total of 23m tonnes covered by the four deals; the other two deals are valid until 1985. Last year Hamersley shipped a total of 30.1m tonnes of ore to its vsrious customers.

In February Western Australian iron ore prices were raised by around 20 per cent and the prices which will apply under Hamsrsley's extended contracts are 28.1 cents (U.S.) per unit of iron content fob Australia for crushed ore and 31.7 cents for lump ore.

BIG COAL FIND IN QUEENSLAND

An initial assessment indicates steaming cosl reserves of 1.2bn tons in the Barakula area of southern Queensland, Australia's Oilmin announced on behalf of its exploration partners.

Shell Oil of Australia has a 50 per cent interest in the exploration programme. Other partners are Oilmin (23¾ per cent), Transoil (10 per cent) and Petromin (16¼ per cent).

Oilmin chairman, Mr. C. W. Siller, said further drilling is planned to enable more accurate reserve estimates.

Strata's Woodada 2 flows gas

AUSTRALIA'S Strata Oil yesterday reported that its Woodada No. 2 appraisal well in Western Australia's Perth Basin had reached target depth of 2,460 metres, and an open hold drill stem test produced a gas flow at a calculated rate of 3.8m cubic feet per day.

The well was drilled to determine the extent of the Woodada No. 1 gas discovery, made at the end of May, which flowed gas at a rate of 32.38m cubic feet per day.

The flow rate at Woodada No. 2 is much lower than this, but the oew well has yet to be cleaned up and stimulated with acid. The cleaning process and stimulation with a 15 per cent hydrochloric acid solution improved the Woodada No. 1 flow rate from an initial 6.9m cubic feet per day to more than four times that level.

Woodada No. 2 is to be completed as a gas producer. Full production tests will begin after completion and an acid stimulation.

The drillstem test was conducted over the interval 2,309 to 2,460 metres. A ⅜ inch surface choke was used, and the top hole pressure was 1,100 psi. Electric logs have been run to evaluate the reservoir section.

The attractions of the Woodada find are enhanced by the fact that the area is just five miles from the Dongara-Perth pipeline, which has a capacity of 100m cubic feet of gas per day.

Strata has a 29.65 per cent in Woodada, and Hughes and Hughes of Texas 65 per cent. Hampton Trust of the UK has reached agreement in principle to take a 3.5 per cent stake in permit EP-100, in which the Woodada discovery was made.

Strata shares put on 6p to close at 134p yesterday. Haoma Gold, which holds 16.8 per cent of Strata, lost 4p to 146p, while North West Mining, with 25 per cent, were unchanged at 138p.

DRAYTON COAL FOR KOREA

Korean Electric has signed a enable the development of the Drayton tseaming coal project in New South Wales. The cootract provides for shipments starting at 150,000 tonnes a year in 1983 and rising to 500,000 tonnes a year by 1985.

Negotiations on sales arrangements to Mitsui Mining and Shell are also underway. Once these two contracts are sealed there will only be about 400,000 to 500,000 tonnes uncommitted of Drayton's planned 1987 annual output of 3.2m tonnes. Production is planned to start in 1982 at 1.5m tonnes a year.

The partners in Drayton are CSR (44 per cent) Shell (39 per cent) AMP Society (7 per cent) Deasung Consolidated Coal mining (2.5 per cent) Hyundai (2.5 per cent) Mitsui Mining Overseas (3 per cent) and Mitsui and Company (2 per cent).

ROUND-UP

The shares of Malayan Tin Dredging will be suspended on on the Singapore and Kuala Lumpur stock exchanges from August 14 until further notice, to facilitate the exchange of share certificates under the company's recent capital restructuring.

The company has also asked for a suspension on the London Stock Exchange from the same date. Transfers of M$1 par value shsres will not be valid after August 26.

Malayan Tin's shareholders last week approved an increase in the company's authorised capital to M$30m (£5.9m) by the creation of 20m shares of M$1 each which would be sub-divided into 10 cent shares for the purpose of its merger with five other tin mining companies in Malaysia.

The five companies are Southern Malayan Tin, Southern Kinta, Kramat Tin and Lower Perak, all publicly quoted and the unlisted Bidor Malayan Tin.

* * *

Production of gold in South Africa fell slightly from May to June. June's output was 1.82m oz, 28,876 oz below May's. This brings total output for the past six months to June to 10.86m oz, as against 11.3m oz in the comparable period of 1979. The reduced production reflects the industry trend to mining more of the lower grade ores.

* * *

U.S. mining group Texasgulf bas discovered gold on land adjacent to its partly-owned Owl Creek property in Timmins, Ontario.

Vsrious amounts of gold mineralisation have been found in 10 boles, out of 11 drilled and assayed so fsr. However, a Texasgulf spokesman could not confirm if it wss a substantial find as yet.

* * *

Texasgulf currently operates a gold mining venture with Inco, of Toronto on the Owl Creek property, where mineralisation appears to total about 2.5m tons averaging 0.15 oz of gold a ton.

Gallaher jumps £20m at midway

WITH AN increase in the second quarter from £7.1m to £14m lifting the domestic tobacco division profits to £35.7m against £19.6m, pre-tax profits of Gallaher, a subsidiary of American Brands of the U.S., jumped to £49.3m for the first six months of 1980, compared with £28.6m.

However, Mr. S. G. Cameron, chairman, says that profits for the second half are likely to be at a lower level, reflecting rising costs, particularly on the domestic tobacco side, and the general pressures currently on industry.

Group sales, excluding VAT, for the six months totalled £891.1m (£780.3m), and out of £620.9m (£521.9m) attributable to domestic tobacco, £285.7m (£231.2m) came in the second three months.

Profit for the whola of 1979 was £63.2m from sales of £1.62bn.

The chairman explains that second quarter results of the domestic tobacco sids benefited from the price increases earlier in the year, and profits of the other operating sreas showed some increase.

	First half 1980 £m	1979 £m
Sales	891.1	780.3
Tobacco—domestic	620.9	521.9
Tobacco—overseas	87.1	86.1
Pumps and valves	38.2	31.3
Optical	22.9	19.6
Distribution	122.0	121.4
Depreciation	7.1	6.4
Trading profit	50.1	30.7
Tobacco—domestic	35.7	19.8
Tobacco—overseas	3.1	2.3
Pumps and valves	3.8	2.3
Optical	4.8	3.5
Distribution	2.1	1.6
Group financing	0.5	1.4
Interest charges	0.8	2.1
Profit	49.3	28.8

TARMAC VENTURE

General Surety Holdings (part of the Swiss Re Group of Zurich) and Tarmac Industrial Holdings bave formed a joint company to co-operate in business opportunities of mutual interest.

The joint company is named W.M. Investments and its first venture has been to acquire the capital of the Maitland Selwyn Group of Wolverhampton. Activities of Maitland include estate agency and the associated provision of financial services, mortgage broking and property investment.

WOLF ELEC. PROFIT DOWN AT MIDWAY

AS EXPECTED, sales of Wolf Electric Tools (Holdings) have been maintained in the first half of 1980 but pre-tax profits are materially below those of last year. From sales of £9.3m against £9.2m, profits were £779,500 compared with £1.08m.

The first half details are contained in the formal offer document regarding the agreed bid from Dobson Park Industries. The directors of Wolf with certain members of their families have irrevocably undertaken to accept the offer in respect of total holdings of 25.8 per cent of the ordinary.

The Wolf directors state that UK inflation and high value of sterling has affected the overseas subsidiaries most severely and their profitability in all cases has been seriously eroded.

While no marked upturn in trading conditions is expected, the board is reasonably confident of matching output with sales. The overseas subsidiaries are expected to make good at least some of the first half shortfall.

The directors are putting effort in to achieving tha best possible results in the present circumstances and believe the group will be well placed to take full advantage of any resumption in more normal trading conditions.

KENNEDY BROOKES ACQUISITION

Kennedy Brookes has added to its chain of London and Oxford restaurants with the acquisition for £75,000 of the lease of 32-34 Wellington Street, London, WC1 from Clovecarla.

The 20-year lease bas 16 years to run, at a commencing rental of £11,000 per annum subject to a rent review in 1981 and every five years thereafter, and with the fixtures and fittings it will be satisfied by the vendor plscing of 96,463 shares at 78p, representing 10.9 per cent of the enlarged capital.

EUROPEAN OPTIONS EXCHANGE

Series		Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	April Vol.	April Last	Stock
ABN C	F.300	7	12.706	—	—	—	—	F.318
ABN C	F.320	5	4	—	—	—	—	"
AKZO C	F.22.50	30	2	—	—	30	3.10	F.24
AKZO C	F.25	52	0.80	6	1.10	—	—	"
AKZO P	F.22.50	—	—	—	—	3	1	"
AKZO P	F.25	36	1.30	—	—	2	2.20	"
AMRO C	F.65	1	3.60A	—	—	—	—	F.67.20
AMRO C	F.70	3	1.30	5	1.50	—	—	"
HEIN C	F.60	2	4.90A	—	—	1	8	F.63.10
HEIN C	F.65	33	2.20	5	3.70	—	—	"
HEIN P	F.60	4	2.50	15	3.60	—	—	"
HOOG C	F.20	10	0.60	—	—	—	—	F.17.60
IBM C	$65	4	2¾	4	4	—	—	$64⅛
IBM C	$70	4	1½	—	—	—	—	"
IBM C	$75	7	⅝	—	—	—	—	"
KLM C	F.70	7	1.70	8	2.70	—	—	F.63
KLM C	F.80	50	0.50	—	—	—	—	"
KLM P	F.60	—	—	5	4.50	—	—	"
KLM P	F.70	6	8.90	5	11	—	—	"
NATN C	F.110	5	8A	—	—	—	—	F.117.80
NATN C	F.120	5	2.70A	17	4	—	—	"
NATN P	F.120	6	4.40	1	6	—	—	"
PETR C	Fr.5000	—	—	3	370	—	—	Fr.4975
PETR C	Fr.5500	6	120	—	—	—	—	"
PHIL C	F.17.50	80	2	12	2.50	—	—	F.19.20
PHIL C	F.20	68	0.60	76	0.80	14	1.20	"
PHIL C	F.22.50	10	0.30	—	—	—	—	"
PHIL P	F.17.50	4	0.30	20	0.60	—	—	"
PHIL P	F.20	2	1	—	—	—	—	"
OLIE C	F.150	80	21.50	—	—	—	—	F.171.30
OLIE C	F.160	20	12.50A	—	—	—	—	"
OLIE C	F.170	141	5.10	25	7.20	—	—	"
OLIE C	F.180	37	1.90	17	5.50A	49	4.60	"
OLIE P	F.150	150	0.50	26	1.40	—	—	"
OLIE P	F.160	34	2.60	1	5.80	22	6.50	"
OLIE P	F.170	123	7.30	10	8.30	—	—	"
OLIE P	F.180	14	14	—	—	—	—	"
UNIL P	F.120	—	—	3	4.80	—	—	F.122.80
XERO C	$60	—	—	4	3⅛	—	—	$57
		Aug.		Nov.		Feb.		
BOEI C	$40	—	—	—	—	2	3⅜	$38
BASF C	DM.140	5	1.50	—	—	—	—	DM.130
BASF C	DM.130	—	—	—	—	10	2.50	"
SIEM C	DM.260	—	—	—	—	4	16	DM262.70
SLUM C	$120	4	7¾	—	—	—	—	$127

TOTAL VOLUME IN CONTRACTS 1447

C=Call P=Put

Texas Instruments and Wang show increased earnings

BY DAVID LASCELLES, IN NEW YORK

MORE U.S. electronics companies have reported increased profits.

Texas Instruments, the large Dallas-based maker of semiconductors and micro-processors, reported a 24 per cent gain in earnings in the second qnarter, from $44.6m, or $1.95 per share, to $55.1m, or $2.40. Sales were up from $784.2m to $1.01bn, the first time the company has pierced the $1bn quarter sales level.

Six-month profits were $105.5m, or $4.60, a share, ahead from $3.63 a share, with sales rising from $1.5bn to $1.96bn.

Mr. Mark Shepherd, the crairman, and Mr. Fred Bucy, the president, attributed the rise to the improved performance of semiconductor operations and geophysical exploration services, despite the weakness caused by declining car sales and bousing starts which hit TI's metallurgical, motor trim and electrical controls business.

TI also benefited from large Government orders and the strength of minerals exploration through its involvement in the seismic equipment business.

Hwever, TI noted early signa of the long-anticipated slowdown in semiconductor sales, largely because of over-supply TI also said that because of the economic recession in the U.S., Europe and Japan, "the overall economic environment for the second half remains uncertain."

Another fast-growing computer company, Wang Laboratories, said net income rose from $12.2m, or 50 cents a share, to $22.1m, or 81 cents, an increase of 82 per cent. Revenue rose from $108.5m to $185.7m. This brought Wang's earnings for its full fiscal year to $52.1m, or $2 a share, up from $28.6m or $1.17 a share, on revenue of $543.3m, up from $321.6m.

Wang is a Massachusetts-based maker of small computers and word processing equipment. It is one of the fast-growing companies in its field and now ranks approximately number two.

Algerian gas suspension hits profits at El Paso

BY TERRY BYLAND

THE SUSPENSION of liquified natural gas (LNG) deliveries from Algeria has bit earnings at El Paso considerably harder than expected. After announcing a substantial setback in the second quarter, the board now says that profits for the full year will be "significantly below" last year's record of $2.99 a share.

Earlier this year Wall Street analysts were predicting earnings of around $3.10 despite the disclosure that deliveries from Algeria were threatened.

The second quarter shows a slump in earnings from $40.7m to $6.1m, or from 88 cents to 13 cents a share. Sales dipped to $751.4m from $924.5m.

This brings the six-month total earnings to $40.9m, or 87 cents, compared with $72m, or $1.57, in the first half of last year, with sales at $1.95bn, against $1.35bn.

The company says that the reduction in the second quarter is primarily attributable to the temporary discontinuation of LNG deliveries from Algeria.

Slowdown in growth at Amerada Hess

By Our Financial Staff

THE PRESSURES on the petroleum industry are reflected in a significant reduction in sales and profits in the second quarter at Amerada Hess. The company has refineries mainly concentrated in the Virgin Islands and sells heating oils and petrols on the eastern seaboard of North America.

Earnings growth in the second quarter has slowed to 8 per cent, at $140.4m, or $3.35 against $3.12 a share. Sales are 6 per cent higher at $1.7bn.

Despite the check to growth in the second quarter, earnings for the first half still show a 22 per cent gain at $339.5m, with share earnings at $8.09 against $6.25.

In 1979, Amerada returned share earnings of $12.15 after a 44 per cent gain in sales and wider profit margins which followed increased deliveries from new gas offshore production, and higher volume and selling prices for North Sea gas and oil.

The six-month sales and profit totals include a non-recurring gain of about $18.6m or 44 cents a share from the sale of the 16⅔ per cent stake in Rough gas field in the North Sea to British Gas Corporation. The 1979 totals are restated to comply with FASB ruling on oil and gas companies.

Oil and gas production is concentrated in the U.S. and Canada, Abu Dhabi, Libya and the UK North Sea. Sales of petroleum products outside the U.S. represented only 15 per cent of the 1978 total, but some 43 per cent of profits came from such sources.

The company has estimated capital expenditure for this year at around $770m, against $659m last year and $353m in 1979. Last year the quarterly dividend was increased to 14 per cent.

U.S. SECOND QUARTER RESULTS

Manufacturers take the strain

The latest round in oil price rises followed by higher U.S. interest hit second quarter corporate earnings in the U.S. on a broad scale. TERRY BYLAND looks at how various sectors of industry fared and assesses prospects for the rest of the year

THE PAST half-year has not been a happy time for corporate America. The onset of world recession, which was triggered in part by the U.S. Government in response to the latest round of oil price rises, involved increases in short term U.S. interest rates to record levels.

Plant closures, labour cutbacks and even dividend reductions have been announced by major U.S. companies once thought immune to such dramas. And now, with company reports for the second quarter flowing in, the extent of the damage is beginning to show up in the profit and loss accounts. Some major sections of the U.S. business world have yet to report on the quarter—notably the retail stores. But a pattern is already becoming clear.

The boardroom statements probably contain as many references to the havoc wrought by the 20 per cent peak interest rates registered in mid-April as to the fall in sales of both industrial and consumer goods.

The swift downturn in prime rates, which has yet to show up its effects on corporate profits, could therefore change the picture at the end of the third quarter.

But for the present it is clear that some sectors, such as the car, steel and airline industries, have suffered most from the effects of the oil price hikes, while others, in particular the housebuilders, have been hurt by the effects of interest rates. And of course there are those unfortunates like the mobile home or pleasure boat manufacturers who have been hit by both.

The mass of company results contains two jokers—the banks and financial services companies and the oil companies—who have all benefited in their different ways from some of the factors which upset the rest of the business world.

The strong rise in U.S. interest rates, followed by a swift fall, has brought a surge in profits at the major banks based in the financial centres. Results for the second quarter have tended to bear out expectations of substantial profit gains as banks' cost of funds declined over a period when the reduction in lending charges to customers was at a slower rate.

Gains in earnings at the major banks ranged from 16 per cent at Bank of America to 28 per cent at Chase Manhattan and an awe-inspiring 45 per cent at J. P. Morgan.

The investment bankers and the stock market brokerage firms chalked up heavy gains over the quarterly period which included a boom in the corporate bond market as well as a healthy equity market. The activity in bonds brought a flow of management and advisory fees. First Boston commented that securities trading, particularly in the fixed income market, had brought record revenues. Merrill Lynch, the largest securities trader, increased its dividend on the back of virtually doubled profits and E. F. Hutton, helped additionally by its commodity and investment banking divisions, pushing profits ahead again.

Oil company profits have shown signs of moderation in the second quarter, a matter, no doubt, of some relief

Exxon recorded a 24 per cent gain, compared with an embarrassing 102 per cent in the first quarter. Standard Oil of Ohio is 53 per cent ahead in the second quarter after being 169 per cent up in the first. The slowdown in profit rises reflects the change in the value of the dollar since last year, and its effects on the repatriation of the oil companies' foreign earnings.

Allis Chalmers suffered the full force of interest rates and currency related losses and ended with a sharp setback in earnings. General Electric reported narrower margins and cost price increases.

But the damage done to profits in the heavy industries by the upsurge in oil prices is all too plain to see. In the chemical industry profits at Monsanto were halved in the second quarter. Union Carbide, Du Pont, Dow Chemical and National Distillers fared somewhat better but all ended the quarter with reduced profits.

Mr. G. Williams, financial vice-president of Dow Chemical, told shareholders grimly that "the recession will be deeper than we thought."

Of the major airlines whose fuel costs have rocketed and who now face an increasingly reluctant tourist traffic, Eastern Airlines has reported a loss for the period, while TWA was helped into a small profit only by property sales.

American Airlines has turned in its fourth consecutive quarterly loss, while at United Airlines comparisons were distorted by the strike in 1979.

The high technology areas, where expertise and market leadership can be more important than material costs recorded a more mixed performance. IBM re-established itself firmly on the growth path but Burroughs fell foul of inflationary costs. United Technologies and Sperry Corporation benefited from their involvement in space and defence programmes.

Results from the leading stores are still awaited. The enthusiasm with which the major retailers greeted statistics indicating a sharp recovery in retail sales in June suggests that trading results for the second quarter were still suffering the effects of the long slide in consumer purchases. Mr. Hawley of Carter Hawley Hale said recently that weaker credit business had been the key to the poor performance of the stores in the early part of the year.

The housebuilding area has been a noticeably unfortunate business area as housing starts slumped throughout the first five months of the year. Georgia-Pacific and Crown Zellerbach, two major timber companies which depend heavily on housebuilding, recorded profit falls of 42 per cent and 35 per cent respectively in the second quarter.

Owens-Corning Fibreglas, which sells to the housing industry and to the pleasure boat industry—another casualty area—suffered a sharp fall inside the U.S. and began to see its international business falling off also. The company has also suffered from its involvement with the car industry, as has Continental Group which sells metal containers.

However, not all consumer areas are depressed. Americans are clearly not cutting down on smoking, drinking or make-up. Philip Morris, maker of Marlboro and many other leading cigarette brands, has turned in its 46th consecutive quarterly increase in earnings, and sales are up at two key subsidiaries, Miller Brewing and Seven-Up. R. J. Reynolds, the largest cigarette maker in the U.S., has also pushed earnings higher. Chesebrough Pond's, which sells takeaway food as well as toiletries and cosmetics, is 18 per cent ahead.

Meanwhile, the car industry and the steel industry continue to report bad news. But, profit figures from the stores may prove less significant than what they have to say about current trading. On the brighter side, there is the hope that the swift fall in interest rates may have cleared the decks for a revival of sales in consumer durables and motor cars.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on July 28

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7¾ 89	10/79	145	†120	121	0	−8.42
[illegible] 7½ 95	2/80	615.5	107½	108½	−2½	−2.44
[illegible] Fin. 9½ 94	1/80	40	95	96½	+0½	27.12
[illegible] Fin. 8¾ 95	12/80	21.12	113	114½	−2½	−1.65
[illegible] 7 94	11/79	526.1	89¾	90¾	−2½	−3.54
[illegible] Energy 5½ 95	1/81	21.87	97½	88½	+0¾	19.10
[illegible] 94	8/79	570	99½	100½	−4½	−2.64
[illegible] 4¾ 93	10/79	1278	109½	111¼	0	−2.95
[illegible] 9½ 94	11/79	927.3	85	97	−0⅞	20.75
[illegible]	4/80	324	105⅝	106⅝	−3¼	7.53
[illegible] 9¼ 95	8/80	12.22	109	110	0	2.93
[illegible] 9½ 94	7/80	30.25	126	127	−0½	−0.92
[illegible] Elec. 7 94	12/79	210	87¾	99	−1⅛	10.28
[illegible] Cp. 6½ 94	10/79	549.1	118¾	117¾	−2¼	1.08
[illegible] 7¾ 94	12/79	339	†104	105	−3¼	−0.74
[illegible] 7¾ 94	10/79	198	93⅛	94½	−3⅝	1.82
[illegible] Switz. 5 89	2/80	121.4	98½	100½	0	5.29
[illegible] DM	7/78	475	101⅞	102½	0	8.50
[illegible] 4 84 DM	4/79	1210	87	88½	+0½	43.98
[illegible] 6½ 88 DM	9/80	595	100⅝	101½	+0⅝	16.13
[illegible] 85 DM	11/79	1071	97½	98½	+0½	28.50

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Tax credit leaves Fox film ahead

By Our Financial Staff

TWENTIETH CENTURY-FOX, the U.S. film and entertainment company, turned in rather flat earnings in the second quarter with net profits per share rising slightly from 68 cents to 71 cents. The company noted that pre-tax profits for the quarter dropped from $13.9m to $12.7m but that a reduced tax charge stemming from overseas tax credits made continued progress possible.

Earnings from filmed entertainment, which last year accounted for about 60 per cent of Fox's revenues and profits, were broadly unchanged from the second quarter of the year. Feature film operations benefitted from the revenues derived from the successor to Star Wars, called The Empire Strikes Back.

Total revenues for the second quarter were $192.2m, up from $147.2m in the same period of the previous year. Net profits totalled $8.1m compared with $7.77m last time. Six months earnings per share were $3.45 a share — up from $2.43 and reflecting the much stronger advance in the first quarter of the year.

MacMillan Bloedel in reverse

By Our Financial Staff

SECOND QUARTER earnings of MacMillan Bloedel, Canada's largest forest products company, tumbled 24.5 per cent, from 1979's corresponding C$49.8m or C$2.28 a share to $37.6m or $1.71 a share.

This eliminated the first quarter improvement in profits, lowering the half-year total by 9 per cent, from C$90.5m or C$4.13 a share to C$82.3m or C$3.75 a share.

Half-year sales were 12.4 per cent higher at C$1.27bn.

Meanwhile the group said yesterday that construction on a US$274m expansion of its forest products manufacturing complex at Pine Hill, Alabama, will start early next year.

The expansion will include a new mill to produce 190,000 tonnes a year of corrugating medium as well as machine changes which will increase existing linerboard production capacity by 50,000 tonnes to a total of 404,000 tonnes a year.

U.S. Pru fights ban

By Our Financial Staff

THE LABOR Department announced that Prudential Insurance of America, which has been barred from doing business from the Federal Government, attempted to impose on the Government unacceptable conditions before it would release data on employees.

The Department said the company has over $180m in premium business with Government agencies, making it the largest Federal contractor barred from Government business.

In response to the Labor Department's action, Prudential Insurance said it "plans immediately to seek a preliminary injunction in Federal Court to prevent the Labor Department from withholding contracts pending the final resolution in the courts.

Brascan builds up investments in six major U.S. companies

BY OUR FINANCIAL STAFF

BRASCAN, THE Toronto-based holding group, has spent at least C$70m (US$60.8m) over the past six months to establish "investment positions" in six major U.S. food packaging and consumer products companies, Mr. J. Trevor Eyton, the president and chief executive, has revealed.

Mr. Eyton declined to identify the companies. He said, however, that two of the acquisitions amounted to around 4 per cent of the stock outstanding.

While describing the new holdings as being "simply for investment purposes," Mr. Eyton said: "We are trying to do a deal on a friendly basis which would be seen as beneficial to all including the management and shareholders."

He added that Brascan was prepared to take minority positions and "play by the rules." It had no immediate plans to approach any of the six companies concerned to discuss increasing its holding.

Mr. Eyton conceded that one of the companies had already contacted Brascan. "They indicated to us they wished to remain independent and did not want to have a dominant shareholder," he said. "We told them we had an investment position."

"We are anxious that when we proceed it will be in a constructive and positive way, and on a friendly basis if we can."

Mr. Eyton's remarks follow several months of intense speculation about Brascan's investment intentions in the U.S. He told the company's annual meeting in May that Brascan had around C$1bn on hand for investment.

Mr. Eyton said yesterday: "I had rather we had moved a little more quickly." The onset of the recession in the U.S. had delayed the company's plans.

Brascan had focused on food packaging and consumer products partly because its experience with its 33 per cent owned affiliate, John Labatt, suggested that it "made sense for us to try to heavy up" in the industry and partly because analysis had showed that most of these companies had proven records of consistently increasing earnings and cash flow

Rowan share sale to lift Armco

BY OUR FINANCIAL STAFF

EARNINGS AT Armco this year could exceed those of 1979 if funds from the proposed sale of Rowan preferred stock are included, said Mr. Harry Holiday, chief executive officer.

The steel producer said last week that it planned to sell its 1.9m preferred shares of Rowan. Based on the current trading price of $35 each the sale would bring Armco $96m.

The company earlier this week reported lower 1980 second quarter earnings of $1.14 a share compared with $1.32 in 1979. For the full 1979 year, Armco earned $4.82 a share.

Mr. Holiday said that Armco's Board will meet this week to consider the quarterly dividend. Although he would not comment on the likelihood of a change in the dividend, he said the Board historically acts on dividend policy at the July meeting. Armco currently pays out 37.5 cents a share.

Commenting on the outlook for the remainder of the year, he said Armco's carbon steel operations will bottom out in the third quarter and begin improving slowly in the fourth quarter. Oilfield operations will remain strong for the rest of the year.

INTERNATIONAL CAPITAL MARKETS

Fed funds rattle bond dealers

BY FRANCIS GHILES

DOLLAR BOND PRICES drifted lower by about ¼ a point yesterday following a rise in U.S. Federal Fund rates which spilled over into the Eurodollar market pushing the three month interest rate up from 9¼ per cent on the close last Friday to 9½ per cent yesterday evening.

Because of the large amount of fixed interest dollar paper issued during the past six-eight weeks, much of which remains unsold, any whiff of a rise interest rates makes dealers nervous. The profit margin of financing bond holders with short-term borrowing will be narrowed if money market rates rise further.

Some issues fell more heavily than most: the 11¼ per cent bond to 1988 for Republic Steel shed a full point on the day to finish at 92¾-93¼.

A $40m 15-year convertible was launched for Inchcape (Bermuda) through Baring Brothers. The borrower is paying a coupon of 8 per cent and the conversion premium is not expected to be above 10 per cent. The bonds are guaranteed by the parent company.

The first "Yen linked" U.S. dollar convertible amounting to $30m for Tokyo Sanyo Electric is being arranged through Kuwait International Investment Company and Daiwa Europe. The maturity of this convertible is 10 years. The coupon, conversion terms and current exchange rate will be determined on July 29.

Although the face value of the bond is expressed in U.S. dollars, and though interest and principal will be paid in U.S. dollars, the amount of interest and principal will change with movements of the Yen from the initial Yen dollar exchange rate. Investment in the bond will thus, in effect, be Yen denominated.

In the hard currency sectors, prices of Swiss franc and Deutsche Mark foreign bonds rose by about ¼ of a point on the day.

In the French Franc sector a FrFr 120m seven year issue was launched for Aeroports de Paris through Credit Commercial de France. The borrower is paying a coupon of 13¼ per cent.

$200m credit for IRI

BY PETER MONTAGNON

ITALY'S state holding company, Istituto per la Ricostruzione Industriale (IRI), is arranging a $200m eight-year Eurocredit through Commerzbank.

The credit, being managed on a club basis, bears a margin over Libor of ½ per cent for the first four years rising to ⅝ per cent thereafter. A grace period of 4½ years has been agreed.

The terms appear to underline once again the increasingly favoured position of European industrial country borrowers in the medium-term market. They are finer than those for Finmeccanica, which signed a $50m seven-year credit with a group of international banks last Friday.

That credit bears a split margin of ½-⅝. Lead managers National Westminster and Banco di Santo Spirito of Luxembourg achieved a market sell down of some 58 per cent.

News of the IRI deal prompted some Euromarket bankers to suggest that a ½ per cent element in the margins for top-rated Italian borrowers has now become possible, though this particular deal has a relatively limited attraction both because of the rather long maturity and low front-end fee, believed to be ⅛ per cent.

Sharp gain for Texaco

By Our Financial Staff

A 50 PER CENT increase in second-quarter profits, from last year's corresponding $337.5m or $1.25 a share to $502.9m or $1.87 a share for Texaco, the leading U.S. oil group.

This brings net income for the first half of 1980 to $1.1bn or $4.08 a share, an increase of 72 per cent on the $462.1m or $1.72 a share for the same period last year.

The latest figures exclude an extraordinary credit of $402m or $1.48 a share, arising from the sale of the company's interest in Belridge Oil Company in the first quarter of 1980.

Revenues for the second quarter amounted to about $12.5bn in 1980, compared with $8.5bn in 1979. For the first six months of 1980 (exclusive of the effect of the Belridge sale), revenues were approximately $25.8bn, compared with $16.8bn for the same period last year.

On a geographical basis, net income attributable to operations in the U.S. for the first six months of 1980, exclusive of the effect of the Belridge sale, was approximately $471.5m, or 43 per cent of worldwide net income, compared with $313.3m, or 49 per cent, for the first half of 1979.

Earnings from U.S. operations for the first half of 1980 showed improvement in producing and exploration results as well as in the downstream manufacturing, marketing, and supply operations.

Net losses from foreign currency translation in the amount of $60.4m were included in net income

Higher profits are reported by Murphy Oil, a medium-sized integrated oil company which has a controlling interest in Ocean Drilling and Exploration, operator of the world's largest fleet of offshore drilling rigs.

Net earnings totalled $35.6m or 95 cents a share for the second quarter, compared with $21.9m or 59 cents a share. This lifted half-year profits from $36.9m at 99 cents a share in 1979 to $64m or $1.71 a share.

Revenues were $454.8m in the second quarter this year, against $363.2m in 1979. Half-year sales totalled $1.02bn against $726.8m previously.

Mobil Oil, which ranks third in world petroleum product sales and fifth in U.S. domestic refining capacity, is boosting its exploration and production budget commitments by $744m this year, pushing the total to $2.84bn.

RATING EUROBONDS

Slow response to Moody's initiative

BY FRANCIS GHILES

EIGHTEEN MONTHS ago, one of the two leading U.S. credit rating agencies, Moody's, decided, on its own initiative, to assign ratings on U.S. corporate Eurobonds, without seeking clearance from the borrower or the managing banks. In turn, no fee was charged for these ratings, contrary to normal practice.

Moody's initiative was a bold attempt to create a new market for rating by extanding what has been an essentially U.S. practice into a market which bas no such tradition. Rating public bond issues is a way of life in the U.S. and the two leading U.S. rating agencies, Moody'a and Standard and Poor's, rate all public U.S. bond issues.

The first Eurobond Moody's rated without charge was ao issue launched in February 1979 for Sears Overseas Fioance. However, Moody's enthusiasm for free ratiog has cooled notably since and only a handful of new Eurobond issues bave been rated, implying that the idea has not gained rapid acceptance.

While a number of issue managers welcome the idea of rating all Eurobood issues, most agree that implemeotation is a long way off.

Predictably, Moody's initiative did not meet with universal welcome, not least because of the great difference io the way investors in the U.S. and elsewhere appraise the worth of tbe borrowers whose paper they buy.

Moody's began rating U.S. bonds io 1907. The practice quickly spread north and Canadian honda have been rated for several generations. Bnt in sbarp contrast, Moody's has ratings outstanding on only around 50 non-North American issuers, with a few other appraisals in progress.

At least six good reasons can be advanced to explain wby the idea of rating Eurobonds has not caught on.

First, a number of regular borrowers stand to lose esteem by gaining a rating. They are treated by investors as prime names and they would risk being awarded less than triple A, traditionally the highest rating a borrower can achieve—were they to submit their case to tbe two rating agenciea. Both corporale and sovereign borrowers find tbemselves in this situation.

Some sovereign bnrrowers are believed to bave drawn back from requesting a rating because they *know from unofficial* approaches to the agencies that they would not acbieve a triple A. Country pride precludes such an outcome.

Corporata borrowers in Europe, on tbe other band, are still most unwilling to provide sufficient information to allow the rating agencies to assess their worth. Michelin is often quoted as a perfect example of the secretive European company, but many other corporate names this side of the Atlantic would be loath to open their books. Such companies already are able to raise funds oo the finest terms, so they are disinclined to bother with a formal rating.

A third reason is that many borrowers who regularly arrange Eurobond issues already have a rating of sorts because, often in the recent past, they have gone to the New York market with a "Yankee" bond. In point of fact, U.S. ratings apply to a particular issue and not to a borrower, but many investors are not sucb purists.

Another reason why ratings are slow to catcb on in the international market is the way the Eurobond market functions. Opportunities to buy arise at irregular intervals and during a few weeks, aometimes months, investors go on a bnying spree, without much of an eye for quality. This happened in April and May this year when for a few weeks all fixed interest dollar paper sold well, irrespective of the name.

Furthermore, the secondary market shows that investors are continually reassessing the creditworthiness of borrowers, whatever their outstanding rating in the U.S. may be. The yield levels at whicb Swedisb and Finnisb bonds trade today bears this point out. Sweden is triple A rated by both agencies while Finland is triple A rated by one and only double A rated by the otber. Yet bonds for Finnisb borrowers trade at a sligbtly lower yield than those for Swedisb ones, a complete turnaround from the position last year. This is a result of the deterioration of the Swedish economy and the very heavy borrowing of that country since 1978. Today, investors perceive it as a slightly less good risk.

The idea of rating the worthiness of Eurobond issues has gained little acceptance with the diversity of the market making the task of the rating agencies more difficult

"Ratings are bistoric," complains one senior bond dealer, who goes on to atress that this weakness is a sarious one in a world where economic fortunes change quickly. When part of Ford Motor's bond debt was downgraded from triple A to double A last spring, the news came as no great surprise to international investors who had already drawn their own conclusions from the long list of beadlines about the diffienlties in U.S. car manufacturing.

On the positive side, a number of factors could help the agencies in their campaign to get ratings accepted this side of the Atlantic. "The single most important event which could force borrowers into reappraising their attitude would be the abolition of U.S. witholding tax," argues Ian Kerr, vice-president of Kidder Peabody Securities. "It would blur the difference between the New York and Eurobond markets and greatly increase the scope for arbitrage."

For the fund manager it is important that any rating system in the eurobond market should properly reflect the potential problems affecting securities in that market. For instance, issues for Quebec, which are highly rated in the Yankee market, may well deserve a lower rating in the Eurobond market because the secondary market in such bonds can easily become illiquid. South Africa is another issuer whose sound economic credentials might have to be downgraded in the Eurobond market for political reasons.

Tha main stumbling-block for the acceptance of ratings in the Eurobond market is evidently the very disparate attitudes which investors of different nationalities may have to the same issue.

A German fund manager, for instance, could look at a Brazilian issue with very different eyes to those of a Britisb fund manager.

Sueb regional differences are compounded by rapid changes in tha acceptability of specific Eurobonds to international investors. These marked variations of time and place maka the Eurobond market both interesting and aggravating, but they make the design of a qualitative strait-jacket very difficult.

Peak earnings from Telefonbau

BY KEVIN DONE IN FRANKFURT

TELEFONBAU and Normalzeit, the Frankfurt-based telepbooe, data-processing and electric clock group, boosted sales last year to DM 1.4bn ($805m), an increase of 14.1 per cent, and acbieved its highest level of after-tax profits in the past decade.

The company, which is owned 39 per cent by AEG-Telefunken, reported after-tax profits for 1979 of DM 63m ($36.2m) up from DM 59m in 1978.

Activity this year has continued stroogly and despite the slow-down in the economy expected in the second half of 1980, Telefonhau is still expecting an increase of around 10 per cent in sales for 1980.

New orders taken in the first six mnnths rose by 14.2 per cent to DM 565m, and the value of orders in haod at DM 600m represent at least eight month's work.

Telefonbau, which was previously in private bands, chose in 1968 to enter a co-operation agreement with AEG-Telefunken which guarantees AEG a majority sbare from the beginning of 1983.

Despite the financial troubles of lbe AEG group, wbich bad to be rescued by a banking consortium last year, Telefonbau is still hopeful that technical co-operation with AEG can expand its activities, particularly in the area of data processing.

Telefonbau's sales rose by some 6.6 per cent to DM 656m in the first six months of 1980, Herr Wintrich Behr, chief executive, said yesterday. Some 75 per cent of Telefonbau's total sales still comes from its telepbone activities and some 17.8 per cent of its turnover from sales to the Bundespost, the West German post office.

A major part of its turnover is derived from rental and servicing income, wbich at the parent company rose to DM 588.3m compared with DM 517m in 1978.

Group capital investment totalled DM 270m last year, a marginal drop on 1978, and is expected to rise this year to around DM 281m.

Good half-year for Swiss bank

BY JOHN WICKS IN ZURICH

SWISS BANK Corporation, one of the big three Swiss banks, describes its operating profits for the first balf of 1980 as good and says that all sections have contributed lo the upturn.

Nevertheless the bank recorded a 12.2 per cent fall in its balance-sheet total to SwFr 70.2bn ($44bn) during the second quarter. This drop, mainly attrihutable to the lower dollar exchange rate, came after assets grew from SwFr 69.18bn to SwFr 79.98bn ($50.1bn) in the first quarter.

The sum due in customers declined during the second quarter by SwFr 1.61bn to SwFr 40.13bn with the fall accounted for almost wholly by deposits with foreign brancbes which were affected by currency rate changes and falling U.S. short-term interest rates.

On the assets side of the balance shaet, the loans-to-clients total decreased by SwFr 1.62bn to SwFr 34.26hn, mainly hecause of the change in the exchange rate.

* * *

Brown Boveri, the Swiss engineering group, and Gould of the U.S. have agreed in principle to the acquisition by Brnwn Boveri of Gould's 50 per cent stake in a joint venture company, Gould-Brown Boveri. The purchase price is expected to be around $31.5m.

Set up by the two companies last year and currently employing some 3,600 people, Gould-Brown Boveri nperates in the field of electrical power distribntion and transmission equipment. The deal does not include the company's navy circuit breaker and switchgear business based io Pennsylvania which will be transferred tn Gonld.

The move will giva tbe Swiss group complete ownership of Gnuld-Brown Boveri.

Further sharp rise in profit at Petrofina

By Our Financial Staff

ANOTHER sharp rise in profits is reported by Petrofina, the Belgian oil group, which has emerged from the first half of 1980 with net profits 25 per cent ahead at BFr 4.9bn ($176m).

Results were favourably influenced by an increase of about a third in output from the Ekofisk Field in the North Sea and by significant growth in profit in America, the company said. Unfavourable influences centred on disturbances in the price of crude and finisbed prodncts, and deterioration in petrochemical markets towards the end of the half-year.

Petrofina also complained that stiff competition "brought about by temporary surpluses of finisbed prodncts is leading to a reapperance of discounts to customers and a degradation of the margins of distributing companies."

Last year Petrofina increased net earnings by 37 per cent to BFr 8.3bn and as a result stepped up its dividend by more than a fifth

Arbed revises plans for restructuring

By Giles Merritt in Brussels

SHARPLY declining demand for steel this year and the serious drop in prices has forced Arbed, tbe major Luxembourg steelmaker, to propose snbstantial revisions to its 1979-83 restructuring plan.

In effect, Arbed has now heen forced to tell the Luxembourg Government that additional cost of the streamlining programme—widely regarded as a model for the troubled EEC steel industry—will be more than balf the original amonnt agreed.

Arbed's management is understood to have calculated the extra costs of the present downturn at LuxFr 13.5bn ($490m). This must be added to the LuxFr 23bn investment and reorganisation plan already adopted.

Arbed is among the half-dozen largest EEC steelmakers, and relies on exports for more than 90 per cent of its turnover. So far this year the company is understood to have suffered a 20 to 25 per cent drop in orders from 1979 levels.

Montefibre reports L38bn loss

By Our Financial Staff

MONTEFIBRE, the treubled synihetic fibres subsidiary of Montedison, the Italian chemicals group, has reported a L38.9bn ($47m) 1980 first half loss.

Turnover for the period waa up by 16 per cent to L182bn, but no comparative figure has been given for last year's deficit. The company said the increase in turnover mostly was attributable lo increases in prices.

The company also yesterday aporoved a two-stage recapitalisation and requested a three month extension of the court control over the company which was first requested last year.

Electrolux acquires three French units from ITT

BY WESTERLY CHRISTNER IN STOCKHOLM

ELECTROLUX, the Swedish domestic appliance maker, has acquired from International Telephone and Telegrapb of the U.S. three Paris-based television and hi-fi companies whose sales last year totalled more than $150m.

The move is part of a major reorganisation of ITT's European electronics business. The three companies are Oceanic, Sonolor and Telcviso and their disposal involved the U.S. group in an after tax book loss of some $19m.

At the same time, ITT bas concluded with Standard Elektric Lorenz of Stuttgart, a jointly-owned ITT-Electrolnx company, an accord involving technical co-operation with the French units and the use of Standard Elektric's Graetz and Schaub-Lorenz trade marks in France. ITT considers the sale of its French units "an important element in its restructuring programme and in the consolidation of our European consumer electronics activities."

Sales of Electrolux products in France lotalled SKr 2bn ($487m) or 13 per cent of group sales, last year. In 1979, the Electrolux group turned in pre-tax earnings of SKr 915m on a SKr 15.14bn turnover and has forecast a 10 per cent profit advance for 1980.

Alusuisse smelter venture wins approval

BY JAMES FORTH IN SYDNEY

CSR, the Australian industrial and mining group is joining Swiss Aluminium Australia, an Alusuisse subsidiary, and the New Zealand group, Fletchers Holdings, to build New Zealand's second aluminium smelter at a cost of $NZ650m ($657m).

The consortium has edged out tenders by two other competitors, Reynolds Aluminum of the U.S. and the Australian aluminium group Comalco, for the right to build the smelter on the South Island.. Several details have still to be worked [illegible] New Zealand [illegible] These include where to site the smelter.

The baale agreement inclndes down-stream fabricating facilities in addition to the smelter. Eventually the project is expected to include a 200,000 tonnes a year smelter and an adjoining 100,000 tonnes a year continuous casting plant.

Both will be 50 per cent-owned by Fletchers, one of the largest New Zealand companies, with the 51 per cent-owned CSR subsidiary Gove Alumina and Alusuisse, each having 25 per cent. CSR already has substan- [illegible] and until recently owned more than 20 per cent of Fletchers.

Alumina for the new smelter will be imported, probably from the Gove operation in Australia, which is owned by Alusuisse (70 per cent) and Gove Alumina (30 per cent).

The New Zealand Government has agreed to make available the electricity estimated to be needed for the new smelter and ancillary plant, although a price for the power has yet to be negotiated.

The first stage of the project will be to produce 100,000 [illegible] billets annually, and is scheduled to be completed two and a-half years after planning approvals are secured, suggesting a start-up date in the mid-1980s.

The second atage, estimated to take two years, involves a further 100,000 tonnes a year of metal, an anode plant and downstream activities, including the installation of an Alusuisse sheetcasting machine, which will be the only one of its type in the southern hemisphere. The New Zealand move is the second recent expansion by CSR into [illegible]

INTL. COMPANIES & FINANCE

On the eve of independence for the New Hebrides, **Philip Bowring** reports on the development as a financial centre of its capital, Vila

South Pacific tax haven on the move

ANYONE who is anyone in Hong Kong, and many thousands of big companies and rich individuals around the world, have hank accounts in Vila. But until secessionist problems hit this tiny South Pacific capital *of the New Hebrides earlier this near*, many account-holders would have had problems locating the city on e world map. They may be additionally perplexed when they discover that their accounts have moved from the jurisdiction of the condominium of the New Hebrides (British section) to that of the sovereign State of Vanuatu. The change takes place tomorrow.

Independence for the New Hebrides should mean more business for this tax haven and loan booking centre.

For the time being there is something of a wait-and-see attitude among the small coterie of hankers, trust company officials and accountants who operate the tax haven.

But there is little doubt the independent Government will support the development of the tax haven. Participants who in the past have "soft-sold" Vila for fear of embarrassing the Britisb and French Governments may after independence sell its merits rather harder.

At present, the New Hebrides is a small hut significant loan booking centre. No figures are available from the New Hebrides itself, but at the end of December banks in the New Hebrides owed the banks and deposit-taking companies in Hong Kong some U.S.$2.15bn, up from the U.S.$1.5bn of end-September. Hong Kong is the main, but not exclusive, client of Vila.

Interest tax

Secondly, the South Pacific territory is extensively used by Hong Kong residents as a means of avoiding Hong Kong's 15 per cent interest tax. Offer a hank in Hong Kong a U.S. dollar time deposit and there is a good chance it will arrange to deposit it in a Vila account. As neither territory has exchange control, money can be moved automatically, and in most cases the books are kept in Hong Kong.

Tbough some 50 banks bave New Hebrides licences, only six bave a physical presence in Vila. Four of these, including Barclays and the Hongkong and Sbanghai, beve set up since Vile was launched as a financial centre in 1971. To complicate metters, the biggest bank in the New Hebrides, the Banqne de l'Indochine bas been operating nnder French law rather than the British law which governs the offshore or "exempt" banking business. Banque da l'Indochine has no offshore business.

On the other band, France's biggest commercial bank, the Banque Nationale de Paris, bas no pbyaical presence, but is an active "exempt" bank—exempt, that is, from requirements on banks and companies doing buainess within the New Hebrides itself. The Hong Kong Bank group has several exempt licences as well as e local branch.

Though the Hong Kong link is now the dominant factor it was not the origin. Tax haven status arises from a decision in 1970 by the British administration to try to regularise the activities of some fringe financial venturers, who caugbt on to the almost limitless possibilities of the fact that the territory bad no tax, nn exchange control, was outside the sterling area but used Australian as well as French currency, and bad a dual legal system which in practice tended to mean no legal system.

Carriage trade

So the Britisb, with half an eye to finding a new form of income for the little territory, moved to create a formal basis for a tax haven. Bnt il was one which would only be available to the "carriage trade" of tax avoiders. Not just anyone could set up. They had to be introduced by respectable bankers, lawyers or accountants.

Even now, there are only about 500 registered "exempt" companies which in terms of numhers is tiny.

At present five firms of accountants, including Peat Marwick, Coopers and Lybrand and Price Waterbouse, are active in Vila.

Vila's ability to provide book-keeping services has been enhanced since May last year, when a new satellite station brought direct Telex and telephone links. Among nther things, Vila now hopes to be able to make better use of its time zone—one bour abead of Sydney, two abead of Tokyo and 19 ahead of San Francisco to attract banks, especially in Asia, lo use il rather than the Caribbean to book borrowings.

The fees and indirect taxes from the tax baven will belp alleviate prohlems caused by 75 years of dual misrule. The condominium had two sets of many things—education and police services—but no tax system at all.

Group profits rise at Nippon Electric

BY YOKO SHIBATA IN TOKYO

NIPPON ELECTRIC Company, the major Japanese manufacturer of telecommunications equipment and computers, and its 29 consolidated subsidiaries have reported brisk earnings for the fiscal year ended March 31, 1980.

NEC's consolidated net profit jumped by 85.2 per cent to Y14,622bn ($65.3m). These earnings exceeded by 11 per cent those on a non-consolidated basis, as the result of a sharp earnings improvement at non-listed subsidiaries which produce integrated circuits (IC) and large scale iotegrated circuits (LSI).

Listed subsidiaries such as Shin Nippon Electric, Nippon Aviation Electronics Industry and Ando Electric Company also reported strong earnings.

Consolidated sales were Y862.06bn ($3.8bn), up 9 per cent. This compares with a 17 per cent sales growth on a non-consolidated basis (to Y719.77bn). The lower sales growth on the consolidated level resulted from the exclusion of Nippon Electric Glass from consolidated subsidiaries. Nippon Electric Glass was classed as an affiliated company under the equity method. Inclusion of Nippon Electric Glass gives a sales growth of 18.5 per cent for the year, according to the company.

Strong demand for IC and LSI meant that sales of electronic devices rose by 35.2 per cent, to account for 21.4 per cent of total turnover. Sales of data processing equipment increased by 19.1 per cent to 24.3 per cent of the tntal, while communications equipment accounting for 37.fi per cent of the total, gained by only 8.9 per cent, as a result of a low level of orders received from Nippon Telegraph and Telephone Public Corporation.

Mass production benefits and sales of IC and LSI accounted for tbe profits upsurge. In addition Y7bn of improvement in export profitability arose from the depreciation of the yen. Tbe company's products require heavy capital Investments, whicb had been bolding back its earnings. However, mass production effects and thorough rationalisation measures outweighed this.

The company is planning to meet such negative factors by mass production and rationalisation. More of the company's semiconductor production is expected to be shifted abroad.

For the current fiscal year, ending March 1981, NEC's consolidated sales are expected to reach Y980bn, up 14 per cent, and net profits to rise 37 per cent to Y20bn.

Times Publishing in diversification venture

BY GEORGIE LEE IN SINGAPORE

TIMES PUBLISHING Berhad, the major Singapore publishing group, has teamed up with the Hawaii-based Dillingham Corporation to diversify into the property development and construction business.

The joint venture, Times Dillingham Construction Asia, which will be owned equally by Times'a wholly-owned subsidiary, Times Construction, and Dillingham, will offer construction management and services to individuals and corporations engaged in property development.

Times Publishing recently made a general offer for all the shares in Marshall Cavendish, the UK publishing company.

Although the new company will concentrate ioitially on Singapore, the venture is aimed basically at the whole of the Pacific Basin. Its first project will be the construction of the S$35m (US$ 16.6m) Times House on the group's existing head office site in Kim Seng Road, Singapore.

CURRENCIES, MONEY and GOLD

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on July 28, 1980. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (bk) bankers' rate; (cm) commercial rate; (cb) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	105.0
Albania	Lek	10.13
Algeria	Dinar	9.1460
Andorra	French Franc	9.65
	Spanish Peseta	168.95
Angola	Kwanza	66.232
Antigua (S)	E. Caribbean $	6.45
Argentina	Ar. Peso Free Rate	4,488.0
Australia (S)	Australian $	2.0680
Austria	Schilling	30.505
Azores	Portug. Escudo	116.50
Bahamas (S)	Ba. Dollar	2.3865
Bahrain (S)	Dinar	0.904
Balearic Isles	Spa. Peseta	168.85
Bangladesh (S)	Taka	34.52
Barbados (S)	Barbados $††	4.7730
Belgium	B. Franc	(cm) 66.40 / (fn) 66.70
Belize	B $	4.7730
Benin	C.F.A. Franc	482.5
Bermuda (S)	Bda $	2.3805
Bhutan	Indian Rupee	19.59
Bolivia	Bolivian Peso	59.80
Botswana (S)	Pula	1.9500
Brazil	Cruzeiro ‡‡	127.03
Brit. Virgin Isles (S)	U.S. $	2.3686
Brunei (S)	Brunei $	5.0510
Bulgaria	Lev	1.0013
Burma	Kyat	16.10
Burundi	Burundi Franc	919.485
Cameroon Republic	C.F.A. Franc	489.5
Canada	Canadian $	2.7755
Canary Islands	Spanish Peseta	168.95
Cape Verde Isle.	Cape V. Escudo	87.35
Cayman Islands (S)	Cay. Is. $	1.9885
Cent. Af. Repub.	C.F.A. Franc	482.5
Chad	C.F.A. Franc	482.5
Chile	C. Peso	(bk) 93.11
China	Renminbi Yuan	3.4614
Colombia	C. Peso	(F) 113.59
Comoro Islands	C.F.A. Franc	482.5
Congo (Brazzaville)	C.F.A. Franc	482.0
Costa Rica	Colon	20.50
Cuba	Cuban Peso	1.5009
Cyprus (S)	Cyprus £	0.920
Czechoslovakia	Koruna	(com) 19.20 / (nc) 21.95 / (T) 31.00
Denmark	Danish Krone	12.8675
Djibouti	Fr.	395 (sg)
Dominica (S)	E. Caribbean $	6.45
Dominican Repub.	Dominican Peso	2.3965
Ecuador	Sucre	(o) 59.85 / (F) 65.99
Egypt	Egyptian £	(u) 1.7415
Equatorial Guinea	Ekuele	168.95
Ethiopia	Ethiopian Birr	(P) 4.9050
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	12.8675
Fiji Islands	Fiji $	1.0270
Finland	Markka	8.57
France	French Franc	9.65
French C'ty in Af.*	C.F.A. Franc	482.5
French Pacific Is.	C.F.P. Franc	173 (sg)
Gabon	C.F.A. Franc	482.5
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.165
Germany (West)	Deutsche Mark	4.155
Ghana (S)	Cedi	6.55
Gibraltar (S)	Gibraltar £	1.0
Greece	Drachma	102.605

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Greenland	Danish Kroner	12.8675
Grenada (S)	E. Caribbean $	6.45
Guadaloupe	Local Franc	9.65
Guam	U.S. $	2.3855
Guatemala	Quetzal	2.3865
Guinea Republic	Syli	44.40
Guinea Bissau	Peso	70.15
Guyana (S)	Guyanese $	6.0855
Haiti	Gourd	11.05
Honduras Repub.	Lempira	4.79
Hong Kong (S)	H.K. $	11.7530
Hungary	Forint	(com) 74.3628 / (T/nc) 52.3582
Iceland (S)	I. Krona	1,175.48
India (S)	Ind. Rupee	18.52
Indonesia	Rupiah	1,485.50
Iran	Rial	n/a
Iraq	Iraq Dinar	0.7075
Irish Republic (k)	Irish £	1.1085
Israel	Shekel	12.377
Italy	Lira	1,971.26
Ivory Coast	C.F.A. Franc	482.5
Jamaica (S)	Jamaican Dollar	4.2595
Japan	Yen	542.5
Jordan (S)	Jordan Dinar	0.681 (sg)
Kampuchea	Riel	9,863.8
Kenya (S)	Kenya Shilling	17.325
Kiribati	Australian $	2.0620
Korea (Nth)	Won	9.01 (ii)
Korea (Sth)	Won	1,460.24
Kuwait	Kuwait Dinar	0.652
Laos	Kip Pot Po	38.30
Lebanon	Lebanese £	8.1635
Lesotho	Loti	1.81475
Liberia	Liberian $	2.3860
Libya	Libyan Dinar	0.7065
Liechtenstein	Swiss Franc	3.84
Luxembourg	Lux Franc	66.40
Macao	Pataca	12.70
Madeira	Portug'se Escudo	118.50
Malagasy Republic	MG Franc	482.5
Malawi (S)	Kwacha	1.8950
Malaysia (S)	Ringgit	5.1910
Maldive Islands (S)	Mal Rupee	0.4045
Mali Republic	Mali Franc	955.0
Malta (S)	Maltese £	0.805
Martinique	Local Franc	9.65
Mauritania	Ouguiya	105.65
Mauritius (S)	M. Rupee	19.00
Mexico	Mexican Peso	54.96
Miquelon	C.F.A. Franc	482.5
Monaco	French Franc	9.65
Mongolia	Tugrik	(o) 6.693 (ii)
Montserrat	E. Caribbean $	6.45
Morocco	Dirham	9.90 (sg)
Mozambique	Metical	67.75
Nauru	Australian Dollar	2.0620
Nepal	Nepalese Rupee	28.70
Netherlands	Guilder	4.545
Netherland Antilles	Antillian Guilder	4.2750
New Hebrides	Franc / Aust. Dollar	140 (sg) / 2.0620
New Zealand (S)	N.Z. Dollar	2.4260
Nicaragua	Cordoba	23.875
Niger Republic	C.F.A. Franc	482.5
Nigeria (S)	Naira	1.270 (sg)
Norway	Norway Krone	11.475
Oman Sultanate of (S)	Rial Omani	0.827
Pakistan	Pakistan Rupee	23.50
Panama	Balboa	2.3865
Papua N. Guinea (S)	Kina	1.5705
Paraguay	Guarani	300.82

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Peru	Sol	exc (A) 666.42
Philippines	Philippine Peso	17.45
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.4260
Poland	Zloty	(Cm) 71.06 / (T) 71.06
Portugal	Portugu'se Escudo	116.50
Puerto Rico	U.S. $	2.3865
Qatar (S)	Qatar Ryal	8.71
Reunion Ile de la	French Franc	9.65
Romania	Leu	(Cm) 10.48 / (n/c) T36.15
Rwanda	Rwanda Franc	216.54
St. Christopher (S)	E. Caribbean $	6.45
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	6.45
St. Pierre	Local Franc	9.65
St. Vincent (S)	E. Caribbean $	6.46
Salvador El	Colon	5.07
Samoa American	U.S. $	2.3865
San Marino	Italian Lira	1,971.25
Sao To'e&Principe	Dobra	81.40
Saudi Arabia	Ryal	7.94
Senegal	C.F.A. Franc	499.5
Seychelles	S. Rupee	14.60 (sg)
Sierra Leone (S)	Leone	2.4531
Singapore (S)	Singapore $	5.0010
Solomon Islands (S)	Solomon Is. $	1.0546
Somali Republic	Somali Shilling	(A) 14.40
South Africa (S)	Rand	1.81479
South West African Territories (S)	S. A. Rand	1.81475
Spain	Peseta	168.05
Spanish ports in North Africa	Peseta	168.05
Sri Lanka (S)	S. L. Rupee	37.85
Sudan Republic	Sudan £ (1)	1.19
Sudan Republic	Sudan £ (2)	1.80
Surinam	S. Guilder	4.2790
Swaziland (S)	Lilangeni	1.81476
Sweden	S. Krona	9.8275
Switzerland	Swiss Franc	3.84
Syria	Syrie £	(A) 9.3955
Taiwan	New Taiwan $	85.00
Tanzania (S)	Tan. Shilling	10.42
Thailand	Baht	48.50
Togo Republic	C.F.A. Franc	482.6
Tonga Islands (S)	Pa'anga	2.0620
Trinidad (S)	Trinidad & Tob. $	5.7976
Tunisia	Tunisian Dinar	0.937 (SG)
Turkey	Turkish Lira	185.17
Turks & Caicos	U.S. $	2.3965
Tuvalu	Australian $	2.0680
Uganda (S)	Uganda Shilling	17.30
United States	U.S. Dollar	2.3866
Uruguay	Uruguay Peso	(cm) 21.61 / (fn) 21.63
Utd. Arab Emirates	U.A.E. Dirham	8.93
U.S.S.R.	Rouble	1.5135
Upper Volta	C.F.A. Franc	489.5
Vatican	Italian Lira	1,971.25
Venezuela	Bolivar	10.05
Vietnam	Dong	(o) 10.2165 / (T) 4.8215
Virgin Islands U.S.	U.S. Dollar	2.3965
Western Samoa (S)	Samoan Tala	3.1560
Yemen (Nth)	Ryal	10.84 (SG)
Yemen (Sth)	S. Yemen Dinar	(A) 0.8150
Yugoslavia	New Y Dinar	64.7607
Zaire Republic	Zaire	6.59901
Zambia	Kwacha	1.8450
Zimbabwe	Zimbabwe $	1.5075

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 100.25. ** Rate is the transfer market (controlled). †† Rate is now based on 2 Barbados $ to the dollar. ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and who are not members of IMF. (§) Based on gross rates against Russian rouble. (1) Official rate for government transactions and specified exports and imports. (2) Parallel rate for non-government transactions and non-specified exports and imports.

Dollar firmer

The dollar showed a firmer trend in active foreign exchange trading yesterday despite Friday's cut in the Federal Reserve discount rate to 10 per cent from 11 per cent. Euro-dollar interest rates were firmer, and the dollar was also helped by hopes that U.S. interest rates may have reached a low point for the immediate future. The U.S. currency moved within a range of DM 1.7355 to DM 1.7450 against the D-mark, and finished near its best level of the day at DM 1.7435-1.445, compared with DM 1.385-1.395 on Friday. In terms of the Swiss franc the dollar rose to SwFr 1.6075-1.6085 from SwFr 1.5975-1.5985, and the Japanese yen also lost ground to the U.S. unit, closing at Y227.20-227.30 compared with Y225.20-225.30 before the week end. The dollar's trade-weighted index, as calculated by the Bank of England, rose to 83.9 from 83.5.

Sterling moved generally in line with other currencies, finishing lower on the day against the dollar. It opened at $2.3950-2.3960, and rose to a peak of $2.3965-2.3975 in the morning. By noon it had eased to $2.3925-2.3935, and continued to decline in the afternoon, touching $2.3845-2.3855, before rising to $2.3870-2.3880, and closing at $2.3860-2.3870, a fall of 50 points on the day. The pound's index, on Bank of England figures, fell to 75.2 from 75.3, after standing at 75.3 at noon and in the morning.

D-MARK — Slightly weaker within the European Monetary System recently, but showing a firmer tendency against the dollar following a sharp narrowing of interest rate differentials — The D-mark weakened against most currencies at the Frankfurt fixing, following Germany's June trade figures, which were little changed from May, and the announcement by Herr Karl Otto Poehl, president of the Bundesbank, hinting at a slight easing of the central bank's monetary policy. The Bundesbank did not intervene when the dollar rose to DM 1.7391 from DM 1.7358 at the fixing, and probably was not active in the open market. Sterling rose to DM 4.1610 from DM 4.1590, but the Swiss franc eased to DM 1.0862 from DM 1.0881, and the Japanese yen to DM 7.675 per 1,000 yen from DM 7.730. On the other hand members of the European Monetary System gained ground, with the French franc rising to DM 43.09 per 100 francs from DM 43.07; the Dutch guilder to DM 91.50 per 100 guilders from DM 91.43; and the lira to DM 2.106 per 1,000 lira from DM 2.103.

DUTCH GUILDER—Very firm near the top of EMS, despite recent cut in Dutch central bank discount rate—The guilder remained quite firm at the Amsterdam fixing, improving against several of its EMS partners, the Swiss franc and the Japanese yen. The dollar gained ground against the Dutch currency however, rising to DFl 1.9015 from DFl 1.8995, while sterling rose to DFl 4.5510 from DFl 4.5490. The Swiss franc eased to DFl 1.1868 from DFl 1.902, and the Japanese yen to DFl 8.380 per 1,000 yen from DFl 8.452.

JAPANESE YEN — Showing weaker trend again after marked improvement on the downward trend in U.S. interest rates. Last year fears about energy supplies and balance of payments problems severely depressed the currency—The yen lost further ground in active Tokyo trading despite the cut in the U.S. discount rate. The dollar rose to Y226.75 compared with Y224.90 on Friday, and yesterday's opening level of Y225.30. In early trading the U.S. currency touched a two-month peak of Y227.20, where the Bank of Japan may have intervened to support the yen.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 28	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.2387	+1.13	+0.34	±1.53
Danish Krone	7.72336	7.79356	+0.91	+0.12	±1.64
German D-Mark	2.48208	2.51940	+1.50	+0.71	±1.125
French Franc	5.84700	5.84771	+0.01	−0.78	±1.3557
Dutch Guilder	2.74362	2.75360	+0.36	−0.43	±1.512
Irish Punt	0.668201	0.671525	+0.50	−0.29	±1.668
Italian Lira	1157.79	1196.05	+3.30	+2.66	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

THE POUND SPOT AND FORWARD

July 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3845-2.3975	2.3860-2.3870	1.42-1.32c pm	6.88	3.75-3.65 pm	6.20
Canada	2.7710-2.7785	2.7750-2.7760	1.45-1.35c pm	1.01	3.40-3.30 pm	4.83
Nethlnd.	4.53½-4.56½	4.54-4.55	2⅞-1⅞c pm	5.61	6⅞-5⅞ pm	5.28
Belgium	66.30-66.65	66.35-66.45	14-4c pm	1.63	40-30 pm	2.11
Denmark	12.84½-12.88½	12.86¾-12.87¾	⅞-2⅞ore dis	−1.51	8⅞-10⅞ dis	−2.97
Ireland	1.1060-1.1100	1.1080-1.1090	0.08-0.04p pm	0.65	0.29-0.23 pm	0.94
W. Ger.	4.15-4.18	4.16-4.17	3⅛-2⅞pf pm	7.56	7⅞-6⅞ pm	6.50
Portugal	115.10-116.90	116.40-116.60	7c pm-30 dis	−1.24	36-85 dis	−2.06
Spain	168.90-169.60	168.90-169.00	80-132c dis	−7.53	288-383 dis	−7.89
Italy	1,970-1,977	1,970¾-1,971¾	9½-12½lire dis	−6.79	36-40 dis	−7.71
Norway	11.46½-11.51½	11.47-11.48	7⅞-6⅞ore pm	7.19	16⅞-15⅞ pm	5.23
France	8.64-8.67	8.64½-9.65½	4¼-3¼c pm	4.66	9-8 pm	3.52
Sweden	9.82-9.85	0.82¼-9.83¼	2½-2ore pm	2.82	3½-3 pm	1.37
Japan	538-544	542-543	1.10-0.80y pm	2.10	2.76-2.30 pm	1.86
Austria	29.45-29.65	29.48-29.53	14-12gro pm	5.29	32½-27½ pm	4.07
Switz.	3.82-3.85	3.83½-3.84½	4-3c pm	10.94	10⅞-9⅞ pm	10.03

Belgian rate is for convertible francs. Financial franc 66.65-66.75. Six-month forward dollar 5.22-5.12c pm. 12-month 7.35-7.25c pm.

THE DOLLAR SPOT AND FORWARD

July 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3845-2.3975	2.3860-2.3870	1.42-1.32c pm	6.89	3.75-3.65 pm	6.20
Ireland†	2.1515-2.1605	2.1515-2.1535	1.45-1.35c pm	7.79	4.05-3.95 pm	7.42
Canada	1.1586-1.1636	1.1600-1.1603	0.09-0.13c dis	−1.14	0.35-0.39dis	−1.27
Nethlnd.	1.9000-1.9035	1.9025-1.9035	par-0.10c dis	−0.31	0.25-0.35dis	−0.63
Belgium	27.73-27.82	27.80-27.82	8½-10c dis	−3.99	26-29 dis	−3.96
Denmark	5.3800-5.3887	5.3860-5.3875	3½-4ore dis	−8.35	12-12½ dis	−9.10
W. Ger.	1.7355-1.7450	1.7435-1.7445	0.09-0.05pf pm	0.48	0.23-0.18 pm	0.47
Portugal	48.70-48.86	48.76-48.85	25-40c dis	−7.99	60-110 dis	−6.96
Spain	70.78-70.90	70.80-70.80	70-95c dis	−13.97	230-280dis	−13.93
Italy	825.65-826.25	825.95-826.25	8-10lire dis	−13.07	28-30 dis	−14.04
Norway	4.8068-4.8090	4.8070-4.8085	.20ore pm-.30dis	−0.12	0.75-1.25dis	−0.83
France	4.0405-4.0440	4.0425-4.0440	0.62-0.72c dis	−1.99	2.40-2.55dis	−2.45
Sweden	4.1090-4.1180	4.1165-4.1180	1.20-1.35ore dis	−3.72	4.80-4.95dis	−4.74
Japan	226.40-227.60	227.20-227.30	0.90-1.05y dis	−5.15	2.35-2.50dis	−4.27
Austria	12.33-12.36½	12.35½-12.36½	1.30-1.90gro dis	−1.55	5.50-7.25dis	−2.08
Switz.	1.5940-1.6090	1.6075-1.6085	0.65-0.60c pm	4.66	1.63-1.58 pm	3.99

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

July 28	Bank of England Index	Morgan Guaranty Changes %
Sterling	75.2	−31.3
U.S. dollar	83.8	−8.5
Canadian dollar	80.8	−17.1
Austrian schilling	158.7	+25.1
Belgian franc	115.9	+14.0
Danish kroner	108.4	−3.5
Deutsche mark	150.8	+44.8
Swiss franc	201.0	+80.3
Guilder	126.0	+20.3
French franc	102.7	−6.2
Lira	03.8	−51.1
Yen	124.3	+22.4

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

July 25	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	16	0.555528	0.606251
U.S. $	11	1.33051	1.44985
Canadian $	10.18	1.53800	1.67298
Austria Sch.	6¾	16.3865	17.8681
Belgium F.	13	36.9549	40.2623
Danish K.	13	7.16149	7.79729
D'mark	7½	2.30950	2.51766
Guilder	0	2.52730	8.75413
French Fr.	9½	5.36462	5.84724
Lira	15	1098.00	1196.49
Yen	9	299.099	326.738
Norwgn. Kr.	9	6.38946	6.96000
Spanish Pta.	8	[illegible]	102.657
Swedish Kr.	10	5.46241	5.95337
Swiss Fr.	3	8.12389	2.31526

OTHER CURRENCIES

July 28	£	$		£ Note Rates
Argentina Peso	4478-4498	1876-1885	Austria	29.30-29.8
Australia Dollar	2.0600-2.0640	0.8635-0.8640	Belgium	66.30-66.90
Brazil Cruzeiro	125.53-127.53	53.11-53.31	Denmark	12.83-12.92
Finland Markka	8.56-8.58	3.5995-3.6005	France	9.60-9.66
Greek Drachma	101.016-105.871	42.55-42.70	Germany	4.14½-4.17½
Hong Kong Dollar	11.747-11.709	4.9260-4.9280	Italy	1930-2010
Iran Rial	n a	n a	Japan	541-546
Kuwait Dinar (KD)	0.630-0.642	0.2672-0.2673	Netherlands	4.53-4.56
Luxembourg Frc.	66.35-66.46	27.80-27.82	Norway	11.46-11.54
Malaysia Dollar	5.1150-5.1270	2.1460-2.1470	Portugal	118-116
New Zealand Dlr.	2.4835-2.4285	1.0160-1.0170	Spain	163¼-170¼
Saudi Arab. Riyal	7.01-7.87	3.3105-3.3810	Sweden	9.81-9.88
Singapore Dollar	5.0460-5.0670	2.1180-2.1180	Switzerland	3.81½-3.84
Sth. African Rand	1.8136-1.8160	0.7600-0.7610	United States	2.382-2.392
U.A.E. Dirham	8.80-8.86	3.6880-3.6895	Yugoslavia	63¼-69½

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

July 28	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.387	4.160	542.5	9.560	3.840	4.545	1871.	2.778	66.40
U.S. Dollar	0.419	1.	1.745	227.8	4.044	1.609	1.904	826.0	1.163	27.88
Deutschemark	0.240	0.573	1.	130.5	2.317	0.822	1.091	473.3	0.666	15.94
Japanese Yen 1,000	1.843	4.389	7.677	1000.	17.78	7.078	8.378	3834.	5.115	122.4
French Franc 10	1.036	2.473	4.316	562.2	18.	3.979	4.710	2043.	8.878	68.81
Swiss Franc	0.560	0.621	1.098	141.3	2.513	1.	1.184	513.3	0.723	17.29
Dutch Guilder	0.920	0.525	0.918	119.4	2.193	0.845	1.	433.7	0.611	14.81
Italian Lira, 1,000	0.507	1.211	2.113	875.2	4.896	1.948	2.306	1000.	1.408	33.68
Canadian Dollar	0.360	0.860	1.501	185.5	3.477	1.384	1.638	710.2	1.	23.92
Belgian Franc 100	1.506	3.594	5.273	817.0	14.53	5.785	6.845	2969.	4.180	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 28)

3 month U.S. dollars		6 month U.S. dollars	
bid 8 3/16	offer 8 5/16	bid 8 9/16	offer 8 11/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

July 28	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	19-10	8⅝-8⅞	—	9⅞-10⅛	1⅞-6⅛	8-8⅛	11⅝-11⅞	15½-18½	8⅝-8⅞	30¼-30¾
7 days' notice	17⅛-18⅛	8¾-9	—	8⅞-10⅞	0-2¼	8-0⅛	11⅝-11⅞	80-95	9-8	17⅛-18
Month	16¾-17	[illegible]	8½-10½	9¾-10	5-5⅛	[illegible]	11⅜-11⅞	23⅛-24	8⅝-8¾	14½-14⅝
Three months	15⅝-15¾	8⅞-9⅛	10⅛-10⅜	9⅝-9⅞	[illegible]	[illegible]	11⅝-11⅞	28¾-25¾	9⅛-9¼	13⅝-13⅝
Six months	14⅜-14½	9½-9¾	10⅜-10⅝	8½-9¾	5¼-5⅜	[illegible]	11⅝-11⅞	22¾-23¾	9-9	11¾-11⅞
One Year	13¼-13⅜	9⅝-9⅞	10½-10¾	8½-9¾	5⅞-5⅛	[illegible]	11⅞-12⅛	20¾-21¾	9⅝-9¾	10⅛-10⅜

Long-term Eurodollar two years 10½-10¾ per cent; three years 10⅝-10⅞ per cent; four years 10⅞-11 per cent; five-years 10⅞-11⅛ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 8.80-8.90 per cent; three-months 8.85-8.95 per cent; six-months 8.95-9.05 per cent; one year 9.10-9.20 per cent.

INTERNATIONAL MONEY MARKET

Europe rates ease

European short-term interest rates showed an easier trend yesterday. In Frankfurt call money was unchanged at 9.50-9.60 per cent, but period rates all declined. It was announced by the Bundesbank that DM 5bn will be made available to increase money market liquidity as an initial cautious relaxation of monetary policy. The funds will be added by way of a purchase and resale facility at 9.2 per cent by the central bank from August 1 until August 25. In making the announcement the Bundesbank president said that the move was designed to restore the Lombard facility to its original role of covering only peak demand in periods of extreme tightness. At the last central bank council meeting before the summer recess last Thursday the German discount and Lombard rates were unchanged, despite some market speculation of a cut.

One-month interbank money fell to 9.30-9.50 per cent from 9.40-9.60 per cent yesterday, with three-month falling to 9.10-9.30 per cent from 9.30-9.50 per cent; six-month to 8.70-8.90 per cent from 8.85-9.00 per cent; and 12-month to 8.20-8.40 per cent from 8.35-8.50 per cent.

In Paris call money fell to 11⅛ per cent from 11⅞ per cent, returning to Thursday's level, which was the lowest since February 18.

In Amsterdam call money was quoted at 9¾-10 per cent, compared with 9¾-10¼ per cent on Friday, while one-month funds declined to 9¾-10 per cent from 9¾-10¼ per cent; three-month to 9¾-9⅞ per cent from 9¾-10 per cent; and six-month to 9½-9¾ per cent from 9¾-9¾ per cent.

UK MONEY MARKET

Exceptional shortage

Bank of England Minimum Lending Rate 16 per cent (since July 3, 1980)

Day-to-day credit was in very short supply in the London market yesterday, and the authorities gave assistance on an exceptional scale. They bought a small amount of Treasury bills and local authority bills from the discount houses and banks, and also bought a small number of eligible bank bills from the houses, for resale at fixed future dates. The help was completed by lending an exceptional amount overnight to 10 or 11 houses at Minimum Lending Rate.

Banks brought forward large run-down balances, repayment was made of the very large amount lent to the market on Friday, and there was a small net take-up of Treasury bills to finance. These outweighed a small excess of Government disbursements of revenue payments to the Exchequer.

GOLD

Weaker tendency

Gold fell $6 to $643-646 in active trading in the London bullion market yesterday. It opened at $644-647 and was fixed at $643.25 in the morning. The metal touched a best level of $646-648 before lunch, and eased to a low of $635½-637½ in the afternoon, before the opening of the New York market. The afternoon fixed was $634.50, and U.S. trading remained firm after the London close.

In Paris the 12½ kilo gold bar was fixed at FFr 83,400 per kilo ($642.48 per ounce) in the afternoon, compared with FFr 83,500 ($643.04) in the morning, and FFr 83,900 ($647.21) Friday afternoon.

In Frankfort the 12½ kilo bar was fixed at DM 36,070 per kilo ($644.97 per ounce) compared with DM 36,390 ($652.01) on Friday, and closed at $643-645 against $651-654 previously.

In Zurich gold finished at $642-645, compared with $650-653 on Friday.

	July 28		July 25	
Gold Bullion (fine ounce)				
Close	$643-646	—	$649-652	(£271.5-272.75)
Opening	$644-647	—	$647-650	(£270-271.25)
Morning fixing	$643.06	(£268.693)	$652.50	(£272.227)
Afternoon fixing	$643.50	(£269.416)	$651.75	(£272.186)
Gold Coins				
Krugerrand	$665-667	(£278½-280½)	$669-672	(£279½-281½)
Mapleleaf	$660-663	(£275-278)	$663-667	(£270½-278½)
New Sovereigns	$163½-164½	(£68½-60½)	$165½-166½	(£69-70)
King Sovs	$188-190	(£78½-79½)	$190-192	(£79-81)
Victoria Sovs	$188-190	(£78½-79½)	$190-192	(£79-81)
French 20s	$165¾-168¾		$168-172	
50 pesos Mexico	$797-802		$801-806	
100 Cor. Austria	$634⅞-639½		$640-645	
$20 Eagles	$759-763		$765-768	
$10 Eagles	—		—	
$5 Eagles	—		—	

MONEY RATES

NEW YORK	
Prime Rate	10¾-11½
Fed. Funds	8⅞-8⅞
Treasury Bills (13-week)	8.02
Treasury Bills (26-week)	8.08
GERMANY	
Discount Rate	7.5
Overnight Rate	0.55
One month	8.40
Three months	9.20
Six months	8.80
FRANCE	
Discount Rate	9.3
Overnight Rate	11.625
One month	11.625
Three months	11.625
Six months	11.6
JAPAN	
Discount Rate	9.0
Call (Unconditional)	12.8125
Bills Discount (three-month)	12.8125

LONDON MONEY RATES

July 28 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	17-40	—	—	—	—	15½-16	—	—	—
2 days notice	—	—	16¾-17¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	18-18¼	16¾-17⅛	—	—	—	—	—	—	—
One month	16[illegible]-16[illegible]	16⅝-16⅞	16½-16⅝	—	18⅛	17⅞	16⅞-16	—	—	—
Two months	16⅛-16	18-18¼	—	17-17¾	17[illegible]	16⅞-17	15¾	14[illegible]	16¼	16[illegible]
Three months	16[illegible]-16[illegible]	16½-16¾	15½-15⅝	16⅞-16⅛	16½	—	15⅛	14[illegible]	15⅝	16⅛
Six months	14[illegible]-14[illegible]	14[illegible]-14[illegible]	14⅜-14½	15½-15¾	16	16¾-16	14¾	14½	14[illegible]	15[illegible]
Nine months	15[illegible]-13[illegible]	13⅝-13⅞	—	14-14⅛	14¾	14¾	—	—	13[illegible]	13[illegible]
One Year	13[illegible]-12[illegible]	13[illegible]-13[illegible]	15⅞-13½	13½-13⅞	13[illegible]	14½	—	—	—	—
Two years	—	—	13-13¼	13½-15¾	13⅝	14⅛	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rate nominally three years 13-13¾ per cent; four years 12⅞-13¾ per cent; five years 12¾-13¾ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14¾ per cent; four-month trade bills 15⅞ per cent.

Approximate selling rate for one-month Treasury bills 14⅞ per cent; two-months 14[illegible] per cent; three-months 14[illegible] per cent. Approximate selling rate for one-month bank bills 16⅛ per cent; two-months 16⅛ per cent; three-months [illegible]; one-month trade bills 16¼ per cent; two-months 15⅞ per cent and three-months 15⅝ per cent.

Finance Houses Base Rates (published by the Finance Houses Association). 17 per cent from July 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 18 per cent. Treasury Bills: Average tender rates of discount 14.4333 per cent.

هكذا من الأصل

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Management abstracts

These summaries are condensed from the journals of abstracts published by Anbar Management Publications. Readers wishing to consult original texts should write to: PO Box 23, Wembley HA9 8DJ.

Business Planning in Small and Medium-Sized Firms. I. Bamberger in Management International Review (Fed. Rep. of Germany) No. 1/80: p. 29 (10 pages).

Discusses the necessity for policy planning in smaller firms, the extent to which they are capable of planning and how they should go about it; analyses the characteristics of strategy formulation, argues for a contingency approach to planning, and offers suggestions for its design and implementation by line managers rather than by specialists.

Corporate Goals. C. B. Saunders + F. D. Tuggle in Journal of General Management (UK), Winter 79/80: p. 3 (10½ pages).

Reports a study of how organisational goals are established and what they consist of, which found that they appeared in two guises: goals-as-objectives (quantitative, incorporated in a budget) and goals-as-constraints (qualitative, helping to determine an organisation's climate and character): criticises the absence of formal, strategic searches for opportunities and the reluctance to apply "what if" questioning to alternatives; suggests ways of minimising such managerial myopia.

The Management of Microprocessors. K. Greenhalgh in Management Decision (U.K.), No. 7/79: p. 479 (42 pages, charts, diags.).

This is an A to Z introduction to microprocessors and the management decisions necessary to the initiation and implementation of a project; points to the conceptually different functions of micros as control devices for products and processes and as small-scale data processors for business administration, and offers guidelines for conducting feasibility studies in both areas; discusses the organisational implications of micros in terms of the role of the specialist, the education of management and the management of change. Provides a glossary of terms.

Dutch stores group shops around in other markets

BY CHARLES BATCHELOR

FROM his office desk in an Amsterdam suburb Dr. Anton Dreesmann can survey his retailing empire stretching west to California and Brazil and East to Japan. He can do this by looking at the large blackboard listing his company's worldwide interests which covers the walls of Dreesmann's fifth floor office.

With barely a month going by without the announcement of a new acquisition or at least the start of takeover talks either in the Netherlands or abroad the room taken up by the blackboard is continually growing. The portrait of Dreesmann's wife has already been moved three times and a further move is threatened.

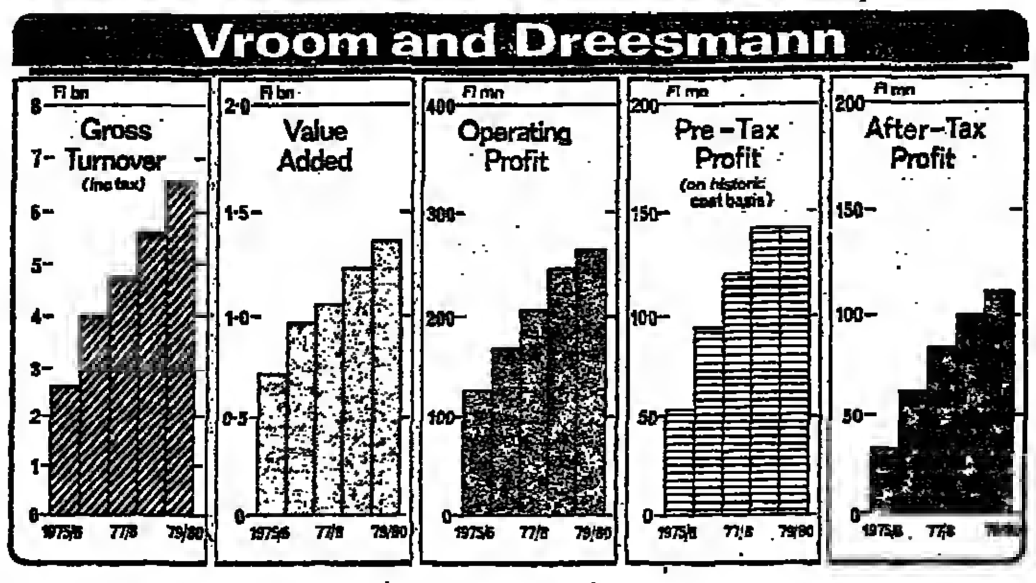
In the space of five years Dreesmann has turned the family department store group into an international retailing and service conglomerate with operations in North and South America and the Far East as well as back home in Europe. With 1979/80 gross turnover of Fl 6.5bn ($3.4bn) V and D is by far the largest and most widely diversified Dutch retailing group.

V and D's traditional department stores—57 of them—can be found on the high street of any town of any size in the Netherlands. The group also has specialised clothing chains such as Claudia Straeter and New England in the dearer price bracket, as well as food stores like Edah and Konmar which are well to the fore in the grocery pricing battle.

"We saw earlier than others that department stores were heading for a period of stagnation. In five or six years they will pick up again," explains Dreesmann. Department stores throughout Europe face the problem of high wage costs and a broad product range which does not lend itself to the self service approach. Coupled with that are the parking problems in the historic heart of many Dutch towns which are more pressing than in most other European cities.

The slow-down in the growth of disposable incomes in the Netherlands and the threat of an actual decline in real wages in the near future pushed V and D in to two, partly complementary directions: the service sector at home and retailing abroad.

To mark the growing importance of its service activities V and D last year formed a separate division to group its domestic and international courier services, its employment agencies and cleaning and security operations. Other services provided include computer software development, bungalow parks, catering and estate agencies.



A field of particular interest to the group and to Dreesmann himself is consumer electronics. Some products which at present use conventional techniques will, in the foreseeable future, be based on entirely new technologies. Dreesmann says. "A breakthrough can be expected in the miniaturising of lasers and chips. Entirely new industries and distribution channels will be needed." To meet this development V and D has acquired a consumer electronics wholesaler, and bought a stake in a cable television network.

Freer climate

V and D's expansion abroad has concentrated on the U.S., where retailing skills are most highly developed, the business climate is freer than in most countries and profit margins higher. It now owns stakes in four large American retail groups with stores in most states of the union.

In the past three years it has bought a 15 per cent share of the Outlet Company of Providence, Rhode Island, 10 per cent of H. J. Wilson Company of Baton Rouge, more than half of Dillard department stores of Little Rock, Arkansas, as well as 15 per cent of Cole National Corporation, of Cleveland, Ohio. V and D's foreign activities are making a growing contribution to group profits and, despite the threats presented by the U.S. recession, V and D's American activities are in states with fairly resilient economies and should fare better than most, Dreesmann believes.

V and D's expansion abroad has been motivated partly by a concern that it might become too dominant a presence on the limited consumer market, in a country with a population of only 14m, and partly by a desire to spread business risks. Dreesmann also seeks synergies—a frequently recurring term in his own vocabulary.

The Netherlands can teach the U.S. something in the social field but American commercial expertise, developed in a huge market which allows specialised retailing networks to flourish, is supreme, Dreesmann believes. For example, V and D's stake in the Outlet Company, which runs a number of television and radio stations, gives it access to skills useful in the development of its cable television venture in the Netherlands.

Dreesmann's foreign ambitions do not end in North America. V and D owns the Brazilian Ultramar retail chain with 47 stores in the Sao Paulo and Rio de Janeiro conurbations. The Dutch company's most recent move was the signing of a co-operation agreement with Uny Company of Nagoya, one of the top five Japanese retailing groups. The two plan to buy jointly in Europe and develop new retailing formulas in Japan.

Further expansion is planned in these three fast growing parts of the world and other countries in the Far East, apart from Japan, are also under consideration.

Not all of Dreesmann's foreign ambitions have been fulfilled, however. Delays in concluding a deal in Iran saved V and D from committing itself to that country on the eve of Ayatollah Khomeini's revolution.

Dreesmann gives a broad interpretation to the service ideal, which explains his group's important financial division. Staal Bankiers, a small Rotterdam-based merchant bank when it was acquired by V and D in 1978, is rapidly being developed into a general bank, with the emphasis on servicing small to medium sized companies, institutional investors and the wealthier private customer. A financing company, a stockbroker and insurance agency with counters in the group's stores, complete V and D's financial division.

Dreesmann gives a broad interpretation... major Dutch department store rival, Koninklijke Bijenkorf Beheer. In 1976 by announcing he had bought up 40 per cent of its shares on the Amsterdam Stock Exchange. V and D explained this move as a precaution against a rumoured takeover by another company. These shares have since been placed in a holding company jointly owned by V and D and Bijenkorf.

Another big rival in the clothing field, the P and C group, is also 22 per cent owned by V and D.

Decentralisation is Dreesmann's solution to managing his company's widely-spread activities. "We try to get the best of both worlds," he says. "Externally we operate on a large scale, internally on a small scale. We are strongly decentralised and the different divisions have great day-to-day freedom."

Dreesmann rarely visits his operating companies; he allows his local managers to concentrate on the running of the business. Central staff of the group are always available to advise in specialised areas such as market research, the finding of new store sites and the building of new stores.

This decentralisation is reinforced by the fact that there is no company-wide annual agreement on wages and conditions. The different group units reach their own agreements, which, Dreesmann asserts, are generally in advance of the retail sector as a whole.

Hobby horses

V. and D. applies the same arms-length philosophy to the companies it takes over. "Most mergers fail because concerned management takes too close an interest in its new acquisition. It can be smothered to death out of a misplaced parental affection."

Diversification, though, is seen very clearly as a function of top management and of Dreesmann himself. "Otherwise things can go really wrong with individuals riding their own hobby horses," he says. He has supervised the company's expansion in the U.S. and has made regular trips in recent years.

The spectacular growth of the company over the past five years — net profits have increased 240 per cent while turnover has risen 150 per cent —is all the more impressive for having been accomplished by a company without access to the public equity market. "We have a high degree of internal financing and do not need the Stock Exchange," says Dreesmann.

Acquisitions accounted for Fl 100m of the Fl 265m investment spending last year though the company has been able to maintain its financial ratios. Capital and long term borrowings have remained in a steady one to one ratio to invested funds for the past three years while own assets account for a "satisfactory" one third of the balance sheet total, the company says.

V and D was founded 93 years ago in Amsterdam by Anton Dreesmann, grandfather of the current chairman. He set up his own first store in 1878 with Fl 2,000 borrowed from an uncle, later teaming up with Willem Vroom. The two men, by then brothers-in-law, opened their first joint store in 1887.

How strong is the family influence on the group today? Anton Dreesmann and a member of the Vroom family sit on the three-man ruling presidium but the third member, the group financial director is an outsider. Family and non-family members are equally balanced on the six-man managing board.

"Being a member of the family does not mean you will get to the top," says Dreesmann. "In fact, in today's critical climate, you probably would not." The fortunes of a company the size of V and D could not be entrusted to incompetent managers just because they are descendants of the founders, he adds.

Dreesmann, now 57, heads both the presidium and the managing board, after starting as a salesman 30 years ago at the company's store in Leiden. Being the largest single shareholder has enabled him to push through the modernisation of the company over the past decade.

A Doctor of Economics, he holds a Professorship at Amsterdam University, lecturing in marketing one day a week. "My time at the university gives me the chance to step aside from what I have been doing on the other five days of the week and stops me from getting into a rut," he comments.

Apart from the reading required to keep on top of his academic work Dreesmann is an avid leisure time reader. Nearly a quarter of his 45,000 book library is devoted to the arts; he also has an extensive art collection including works by the Impressionists and their successors as well as of the classical Dutch school.

He attributes his company's rapid and successful growth to "luck, the ability to take decisions and knowing the ins and outs of your market." His personal enthusiasm for the job is also an important factor. "It is important to be emotionally involved in a job. Ambition is a prime mover. Unfortunately," he concludes, "this is not a very Dutch idea."

Anton Dreesmann: "We try to get the best of both worlds: externally we operate on a large scale, internally on a small scale"

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● OFFICE EQUIPMENT

Word processor market growing

SHIPMENTS of word processing systems totalled 11,800 units in Western Europa in 1979, giving a 30 per cent growth over 1978 shipments. But, IDC Europa points out, IBM lost a significant share of the market by not having a replacement system for the estimated 35,000 magnetic tape and magnetic card systems still in use at the end of 1978.

These are two of the conclusions drawn in a Eurocast report which follows an investigation of the word processing markets in western Europe. The study specifically looks at shipment levels and forecasts, vendor strategies and country characteristics for stand alone, shared-logic and hybrid shared-logic systems but excludes electronic typewriters.

While the marketplace is apparently bursting with activity, IDC measures the 1979 growth to be 30 per cent falling to 26 per cent in 1980. The report states that these growth levels are less than some observers had expected considering the claims of certain vendors for 100 per cent growth. However, many others who were not making pronouncements, especially IBM, are growing much more slowly. In addition some of the dramatic growths reported are from vendors with a small base where it is much easier to expand quickly.

By the end of 1978 there were 68,400 standalone systems and 1,235 shared logic systems installed in Western Europe. The dominant force in the stand alone market was IBM with a 52 per cent share followed by Olivetti with 11 per cent, Kalle Infotec (7 per cent), Xerox (6 per cent) and Redactron (Burroughs) with 4 per cent of the market.

Impressive shipment levels from Wang, AES Wordplex and Vydec in 1979 enabled them to increase their market penetration. The installed base of shared logic systems is led by Wang with 34 per cent followed by Four Phase, AM Jacquard and AES Wordplex.

The report (£995) shows that the two leading British companies—Data Recall and UDS (now acquired by Nexos)—each hold about 1 per cent of the European market although the UDS base is almost entirely in the UK. By the end of 1980 the standalone installations in the UK will be 60 par cent nondisplay, 25 per cent single-line display and 15 per cent partial and full-page display, although the latter now accounts for just under 70 per cent of the shipments.

IDC Europa, 2 Bath Road, London W4 1LN. 01-995 9222.

● DATA PROCESSING

Easier to make inquiries

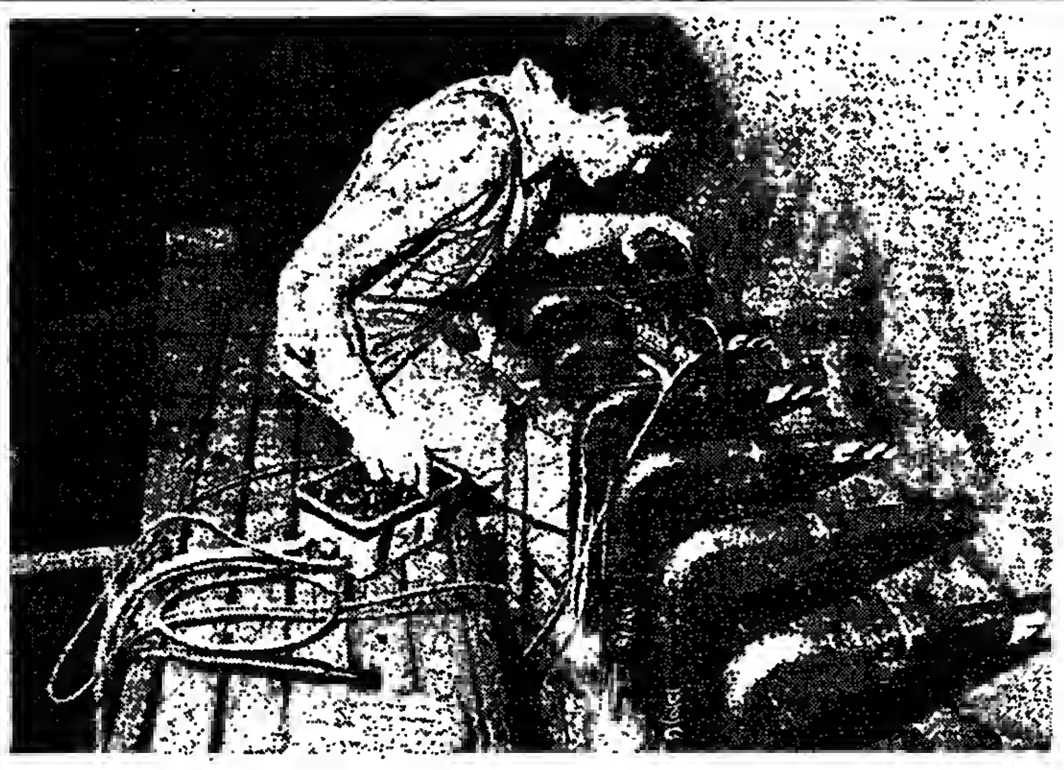
TWO NEW software products—a new version of a transaction processing monitor and an inquiry processing system suitable for non-computer staff—have been announced in Europe by NCR.

The monitor has several sections to handle tasks which include security handling, scheduling, logging messages, interfacing between application programs and database management systems, back-ups, restarts and recovery, the handling of terminal screen formats and the editing and validation of data.

TRAN-PRO, as it is called, previously ran only on non-virtual NCR Century and 8000 series computers. The latest version runs under NCR's Virtual Resource Executive (VRX) operating system on the large V-8555 computers and above. Annual fee is £3,000.

The new inquiry processing system, TRAN-QUEST, allows users with no computer training to get information from a computer system using English-like statements and eliminates the need to write special programs each time one-off requests for information are made. It can also be used for comprehensive system documentation.

NCR is at 206 Marylebone Road, London NW1 6LY. 01-723 7070.



Work in progress at Foster Wheeler with A21 circumferential welding units from ESAB on boilers for the aluminium smelting and desalination project in Dubai, United Emirates. Some 30,000 welds to the highest national and international specifications were performed over a period of 18 months and 11 of the orbital tube welders were employed in two shifts. Since the recent completion of this big contract, ESAB has brought out the biggest welding tool yet for use with the A21. This is an 8½ inch unit and raises the number of sizes available to six, starting at 0.12 inch. More from ESAB at Beachings Way, Gillingham, Kent ME8 6PU. 0634 34455.

● PROCESSING

Gives clearer view all round

MANY people find it impossible to wear contact lenses with any degree of comfort: many cannot learn to cope with bifocals. And clip-on sun filter lenses are clumsy, to say the least.

A lens formula which, to a large degree, solves all these problems is available from Essilor. It is the Varilux system which provides a gradual rather than an abrupt change in lens shape and thus power and is applicable to fast photochromic lenses, but most recently to hard plastics.

For people working with computers and needing continuously to alter their focal lengths between keyboards and displays the Varilux 2 glass or plastic (Orma) formulation would be of great value, particularly for those people whose eye function is changing rapidly as they approach middle age.

Varilux is not the only progressive correction lens system, but its developers assert that it is far superior in performance, particularly for eye movement in or near the plane of the eyes. Abnormal deformations of perceived images are avoided and thus the lens is best adapted for use by people on the move.

The company has to a large degree solved the problem that for a given power a plastics lens is thicker than its glass equivalent. At the same time, the resin chosen (even untinted) intercepts short wavelength ultraviolet harmful to the eye.

For those people whose distant vision is unimpaired but whose close vision is beginning to play up there is a version called Modulor.

Essilor, Coopers Road, Thornbury, Bristol. 0454 417100.

Treatment of effluents

TREATING TRADE effluent in the UK and Eire may be simplified following the formation of Colloid Piepbo, a Merseyside subsidiary of the American Colloid Company.

The Piepho system of effluent treatment, which was originated in Germany by Herr Ralf-Piepho, covers the removal of solvents, dyestuffs, latex and other organic pollutants, emulsified mineral and vegetable oils, etc.

Effluent is pumped to a reaction vessel in which it is mixed with one of nine formulations of NT-75, an absorbent and self-flocculent material based on bentonite, a naturally occurring mineral. Separation and sedimentation of the contaminants takes place within minutes. Purified water is then drawn off and the sludge pumped out of the reaction vessel through separate outlets. Both water and sludge impinge upon a moving band of disposable filter medium, which retains the sludge and any floc remaining in the purified water. The filter band and sludge are collected in a disposal container, while the water, can be recycled or allowed to pass into the sewer system.

The machines involved are compact, the smallest being 50 x 50 x 50 inches and the largest only 79 inches high, 147 inches long and 95 inches wide. Capacities of the five available machines range from 250 to 2,200 gallons per hour, with the ability to handle batches from 125 to 750 gallons.

Volclay, Birkenhead Road, Wallasey, Merseyside L44 7BU. 051 630 2567.

● INSTRUMENTS

Measures level of light

DEVELOPED BY the company in Denmark and available from B and K Laboratories, Cross Lances Road, Hounslow, Middlesex (01-570 7774) is the model 1100 luminance contrast meter for use where it is necessary to obtain an accurate measurement of the light available over a workplace area.

The instrument is essentially a radius arm about one metre long with a distance calibration and protractor arrangement at the pivot; moving over it is a light measuring head on a carriage, the base of which houses dark and light reflecting discs that can be alternately placed under the tube of the light head. Readings obtained are shown on liquid crystal display in a cable-connected electronics box.

A mechanism in the carriage and arm ensures that, as the unit is moved along the arm to plot the luminance at various places over the workplace area, the light tube's angle to the vertical is changed so that it always points at the same place—the worker's eye in effect.

In addition the radius arm can itself be moved through 90 degrees to either side so that the operator's entire viewing area can be accurately charted with various levels of illumination.

The measurements can then be repeated with modified lighting arrangements until the best results are obtained for the particular task to be carried out at the workstation.

● CONSTRUCTION

Electrical system for buildings

PROMPTED by a design brief from Rybka, Smith and Ginsler, consulting engineers of Toronto, Haden Young has devised a complete electrical system which can be cast into a concrete structural slab. A finished floor surface can be power-floated direct on to the structural slab without the need for a secondary finishing screed.

The system is commonly used in North America, but has not been employed to any extent in the UK, says Haden Young (01-387 4377).

The first large UK location in which the system has been used is Enterprise House, High Holborn, London, where the work is being carried out for Townsend Thoresen Properties.

R. Seifert and Partners are the architects, the main contractor is Taylor Woodrow and the structural engineer Bunyan Mayer. Floorplan Electrical manufactured the underfloor distribution units.

● ELECTRONICS

Industrial control system

WITH over 13 years of experience in designing industrial control systems, Holdsworth Electronic Developments of Harrogate is now offering a microprocessor based control system utilising the Texas Instruments TMS 9900.

Known as System 2900, the control equipment is offered in the form of a number of boards designed to ISEP parameters, with data and address bus formed as part of the back wiring.

Apart from the central processor there are boards for memory, communications, power, monitoring, closed loop servo operation, analogue input, transducer input, and stepper motor operation.

The company says that the equipment has been designed to work in harsh industrial environments and that maintenance is a matter of card changing.

Software to run the system is available, as are transducers, photoelectric devices and other control hardware.

More from Victoria Avenue, Harrogate, HG1 1DX (Harrogate 55221).

● METALWORKING

Machining costs reduced

WITH THE installation of a Cincinnati Milacron numerically controlled machining centre at Camborne, Cornwall, CompAir is reported to have achieved substantial cost savings in the making of the complex backhead and handle units used in its new Zitech 20 road-breaker.

A pay-back of only 1.1 year is expected from the £100,000 investment and is achieved in production costs of 69 per cent, and reductions in tooling costs of 88 per cent. All these figures are based on up to 13 different sizes of components, and estimated figures show a return on capital investment of per cent.

Machine was put into full production three weeks after its delivery last December and, since then, 94 per cent utilisation has been achieved from its day and night operation.

Because machining speeds and feeds are tape controlled, finished components are produced reliably in a known time, thus helping in control costs, says Cincinnati Milacron, Kingsbury Road, Birmingham (021 351 3821).

Backhead and handle forms the head of the roadbreaker and houses the control system and air inlet ports to the operating cylinder. It is machined from a one-piece casting in nodular iron. The bottom face being machined to provide a register prior to mounting on the machining centre.

All subsequent machining operations—which include milling, drilling, reaming, boring, tapping and chamfering—are carried out in a single set-up.

Conventionally, 13 fixtures would have been necessary to allow the faces and holes to be machined, and CompAir estimates that these would have cost about £4,200.

Excluding inspection and any resulting rectification work, it would also have been necessary to transfer the components between machines for 12 separate operations, involving high handling costs along with the added risk of damage and errors contributing to the scrap rate.

In contrast, the CIM-Xchanger allows machining to be carried out in a single set-up, thereby eliminating handling between operations, and minimising scrap rates.

By using the built-in, tape controlled, precision 360 degree position indexing table to present the various faces of the workpiece to the tools automatically, only one single station fixture is needed.

Further contribution to cost savings has been made by rationalising design of the components with NC machining in mind. Although such rationalisation should be a feature of all machining practice, at CompAir the practice has been carried through to achieve a maximum success.

Thus, standard sizes have been adopted for bores, threads and chamfers, in order to avoid the need for special tools, and to minimise tool changing and its associated time loss. In this way, only 20 entirely standard tools are needed to machine the components.

Future components will also have this constraint placed on design so that the requirement for additional tools will be kept to a minimum with subsequent savings in costs and simplification of machining procedures.

JOBS COLUMN

Young managers losing their wander-lust

BY MICHAEL DIXON

YOUTH HAS lost its taste for travel, or so this column has been assured hy several recruiters recently. Asked why, they offered interpretations of two main kinds which, oddly enough, seemed to vary according to whether or not the peraon offering it was at least as old as I am.

The older group mostly lamented the reported reluctance to spend much if not most of the working year away from home, as confirmation of a genersllly stick-in-the-mind attitude among people aged under 35 or so. The others felt thst the raluctance denoted a saner view among the younger generation as to the proper balance hetween their career and other parts of their life.

"I find more and more men with growing children are saving in interviews that it isn't fair for them to spend a lot of time away, leaving thair wife to cope with the family alone," observed one of the younger recruiters. "Besides, they think that heing there to tske part in hringing up the children is at least as important a responsihility as doing their job."

That seems to he an eminently sensible sttitude. It is especially so when those who adopt the older convention of wedding themselves to their company face an increasing risk of heing divorced by it in their 40s or 50s, as well as findlng that their children have group up to look on them almost as a stranger.

But when I talked to one of the non-travelling managers, I found him more cynical ahout the cause of the reported reluctance.

"It strikes me thet anyone who gets excited ahout roaming the world as part of the joh is somehow living in a hygone age in spite of their present experience," he said. "There's not much of the old deck-tennis on the ocean liner and the elephant rides through the hush any more, is there?

"Nowadeys you go from one sirpnrt tn enother, take e car to some stendard hotel, go from there to some office, then hack to the airport. You might get out and abont enough to feal that the climate's hotter or colder, and notice that the people look different maybe. But you can't say you really experience the different country, csn you? That's not travel: it's hotel-hopping. Nobody in his right mind would want to do much of that."

When I put the matter to a woman personnel specialist in her early 30s, however, she suspected that the recruiters who complained about the reluctance were compounding the problem hy their own attitude. "I'd he pretty sure that when they'ra recruiting for a job which involves a lot of travel, they think almost exclusively in terms of men. But if there are fewer men around who're career-minded enough to spend a lot nf time away, there are certainly a lot more career women who'd jump at the chance. They ought to catch up with the times and start positively encouraging women to apply."

Two recruitment consultants who might particularly henefit from thet advice at the moment are Peter Marlow of MSMS International, and Terry Ward of Brook Street Executive Resources.

Both are seeking specialists of a financial kind who, although based in London. will need to spend a good deal of time abroad. In both cases, too, the employing organisation may not be named, and so the headhuntars guarantee that any applicant wbo so requests will not he identified to their client without specific permisaion.

Tha person sought hy Mr. Marlow will be responsible to the head of the investment department of a hig concarn wbich, among other things, provides financial management and advisory services to the Governments and central hanks of numerous countries including those in the Third World. The funds under its management currently total about £2,000m.

While the newcomer will have the title of investment adviser, the main emphasis of the joh will he on the provision of financial planning and advice at the highest level to the client countries. The edvisory services cover the management of reserve assets in various forms, the management of foreign deht, and the development of financial markets within the countries.

As well as maintaining and monitoring the services already estahlished, and serving as a link between the clients and dealers and relevant departments of the United Kingdom Government, the recruit will he expected to develop new custom. "Effectiveness will to a large extent be measured by ebility to extend the scope of tha department's husiness," Mr. Marlow says.

He edds that overseas travel will account for about four months of each year, requiring the investment adviser to be away from home for up to four weeks at a time.

Candidates must heve sound knowledge of the international monetary system and financial markets world-wide, and he ahle to identify the likely consequences of political snd economic events in both the long and the short rua. They should have at least five years' experience in the international banking, the corporata finance or the investment department of a merchant hank, the Treasury, the Bank of Eogland or similarly haughty financial institution.

Those attuned to negotieting with top people in overseas countries will he preferred. So, I'm sad to say, will those with good honours degrees.

Salary will be up to £18,500. Inquiries to Mr. Marlow at 115 Mount Street, London W1Y 5HD; talephone 01-493 6807, telex 27950 ref. 2218.

Globe-trotter

THE PERSON wanted hy Terry Ward is likely to spend more than half the year abroad, largely in Europe (particularly Scandinavia), but sometimes farther away.

The job is that of internationel internal auditor with the London-headquartered division of an expanding U.S. group. But the recruit will report to the corporate auditor at the U.S. offices of the company, which specialises in expensive luxury goods, some of its own making and others bought in from externsl manufacturers.

Responsibility will include not just essessing the financial and operating controls of a variety of scattered business operations, but also recommending necessary improvements.

Candidates should he recently qualified accountants wanting to work at the sharp and of commerce. Success should swiftly hring financial-controller status.

Salary around £12,000. Inquiries to Mr. Ward at 47 Davies Street, London W1; Tel. 01-499 7382.

Ticking off

DAVID SHAW, personnel adviser to the Saudi Industrial Development Fund, has written to tick me off for overdoing the agony when I reported, at second hand, on working conditions in Saudi Arabia, on June 26.

While it is true that there are no public cinemas, many organisations run regular video shows, he says. Mixed bathing is certainly not banned in company compounds and in clubs, even with Arabs present. Men and women may go to restaurants and so on together, and while woman may not drive, many expatriate wives have their own driver and also have well paid jobs.

"I would say that the social round bere is infinitely less claustrophobic than is usually the case in tha UK," he protests.

While many organisations work at least s 5½-day week, his consists of five eight-hour days and he is home 15 minutes after leaving work. Moreover, everyone has opportunity to take regular laeve "to the more interesting aod exotic parts of tha world, particularly the Far East."

CONTRACTS AND TENDERS

COMPANY NOTICES

THE RANDFONTEIN ESTATES GOLD MINING COMPANY, WITWATERSRAND, LIMITED
(Incorporated in the Republic of South Africa)

DIVIDEND NO. 90
ON SHARE WARRANTS TO BEARER

Pursuant to the Notice published on 6th June 1980, members are informed that the rate of exchange at which payments of the above dividend are to be despatched by the United Kingdom Paying Agents on 7th August, 1980, is 1 Rand of 100 cents equals 54.8231p United Kingdom currency. The gross dividend payable by the United Kingdom Paying Agents is therefore equivalent to 246.7040p.

Holders of Share Warrants to Bearer are informed that payment of dividend No. 90 will be made on or after 8th August 1980 upon surrender of Coupon No. 90 at the London Bearer Reception Office, 40 Holborn Viaduct, London, EC1P 1AJ.

	Amount Payable per share (UK Currency) p
Equivalent in United Kingdom currency of dividend declared ..	246.7040
Less: South African Non-Resident Shareholders' Tax at 15% ..	37.0056
AMOUNT PAYABLE WHERE A UK INLAND REVENUE DECLARATION IS LODGED WITH COUPONS	209.6984
Less: United Kingdom Income Tax at 15% on the gross Dividend (see Notes 1 and 2 below)	37.0056
AMOUNT PAYABLE WHERE COUPONS ARE LODGED WITHOUT UNITED KINGDOM INLAND REVENUE DECLARATIONS	172.6928

COUPONS must be listed in duplicate on forms obtainable from the London Bearer Reception Office and deposited for examination on any week-day (Saturday excepted) at least seven clear days before payment is required.

BARNATO BROTHERS LIMITED,
London Secretaries.
D. W. J. PHILLIPS, Secretary.

99 Bishopsgate,
London EC2M 3XE.
28th July, 1980.

NOTES.
(1) The gross amount of the dividend for use for United Kingdom Income and Surtax purposes is 246.7040p.
(2) Under the Double Taxation Agreement between the United Kingdom and the Republic of South Africa, South African Non-Resident Shareholders' Tax applicable to the dividend is allowable as a credit against the United Kingdom Tax payable in respect of the dividend. The deduction of tax at the reduced rate of 15% instead of at the standard rate of 30% represents an allowance of credit at the rate of 15% in respect of South African Non-Resident Shareholders' Tax.

CHARTER CONSOLIDATED LIMITED

NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER

A final dividend of 5p per share will be payable on or after 8th August, 1980, to persons presenting coupon No. 31 detached from share warrants to bearer. The dividend will carry a tax credit at the rate of 30/70the of 2.1428p per share.

Coupons, which must be left four clear days for examination, may be lodged any weekday (Saturday excepted) between 10 a.m. and 3 p.m. at the Bearer Reception Office at this address, or at Credit Lyonnais, 19 Boulevard des Italiens, 75002 Paris, or Banque Rothschild, 21 Rue Laffitte, 75009 Paris. Listing forms may be obtained on application.

40 Holborn Viaduct,
London EC1P 1AJ.

29th July, 1980.

OLD COURT DOLLAR COMMODITY TRUST (CDRs)

The undersigned announces that as from August 13th, 1980 at Kas-Associatie N.V., Spuistraat 172 and Pierson, Heldring & Pierson N.V., Herengracht 214, in Amsterdam, div.co.no. 3 of the CDRs Old Court Dollar Commodity Trust will be payable with Dfls. 14.04 per CDR. repr. 10 units and with Dfls. 140.40 per CDR. repr. 100 units.

(Div. per record-date 20.6.1980: US $.74 per unit.)

This dividend distribution is not subject to tax withholding at source.

Amsterdam, 21st July 1980.
AMSTERDAM DEPOSITARY CO. N.V.

PUBLIC NOTICES

CITY OF BRISTOL
VARIABLE RATE REDEEMABLE STOCK 1982

The Council of the City of Bristol announces that the half-yearly payment of interest on 1st November, 1980 on the above Stock will be at the rate of £8.58 (less income tax) per £100 of Stock. 25th July, 1980.

LEICESTERSHIRE COUNTY COUNCIL

£2,500,000 bills issued 28.7.80 at a rate of 14 31-64ths to mature 27.10.80. Total applications were £12,500,000 and these are the only bills outstanding.

LONDON BOROUGH OF CAMDEN
VARIABLE RATE REDEEMABLE STOCK 1983

For the six months from 27th July 1980 to 27th January 1981 the interest rate on the above Stock will be £15.5125% per annum.

PERSONAL

IN BEREAVEMENT—Send your tribute in a form that never fades—with a donation to help old people in need. Help The Aged, Room FTB11, 32, Dover Street, London W1E 7TZ.

هكذا من الأصل

APPOINTMENTS

John Brown chief for the Americas

Mr. Robert McMurray, senior vice president and chief financial officer of the Leesona division of John Brown and Co., has been appointed to the new position of executive vice president of the JOHN BROWN GROUP INC. He will oversae the company's interests in North America and Latin America. His responsibilities will include planning, financial, legal, customer and public relations.

★

Mr. William Berry and Mr. A. A. Clark have been appointed directors of LONDON AND PROVINCIAL TRUST. Mr. T. R. Grieve did not seek re-election at the recent annual meeting and Mr. G. C. Stokes ceased to be his alternate.

★

Mr. J. B. Hamilton has taken over as chairman of SHIRLEY DEVELOPMENTS, of Manchester, from Mr. T. Weatherby. The company makes testing equipment for the textila industry. Mr. Hamilton is a main Board director of Whitecroft and was previously a director of Carrington Viyella.

★

Mr. Tony Driver, director, personnel and administration, BP OIL, has retired from the company and has been succeeded by Mr. John E. Stinchcombe, who was general manager, sales. Mr. Driver has been appointed a non-executive director of BAXTER FELL AND CO.

★

Mr. D. R. Gilbert is to become company secretary at HAWKER SIDDELEY GROUP from October 1. He will succeed Mr. C. B. White, who is resigning from that position and leaving the company at the end of September at his own request.

★

Mr. R. F. Riding, deputy comptroller of WILLIAM AND GLYN'S BANK, has been appointed chief accountant and a deputy director. Mr. R. W. Harrington, from Williams and Glyn's International Banking Division, has also bee made a deputy director. Mr. Harrington was formerly senior manager for shipping and Scandinavia.

★

The Secretary for Industry has appointed Sir William Barlow as chairman of the DESIGN COUNCIL. He will succeed Viscount Caldecote, whose term of appointment ends on July 31.

★

Mr. R. M. Allison, formerly chief engineer of the Scottish division of the British Steel Corporation, has been appointed to the Board of F. J. C. Lilley.

★

Mr. Hugh Lang, chairman of P-E International, has been appointed to the Industrial Policy Committee of the CONFEDERATION OF BRITISH INDUSTRY.

★

Mr. R. G. Hanna is to give up his duties as an executive director of SCOTTISH WESTERN TRUST COMPANY on September 1 when he will join its associated company CITY OF ABERDEEN LAND ASSOCIATION. He will remain a non-executive of Scottish Western.

★

Mr. Gordon M. Bain, sales manager of Tyreservices Great Britain, has been elected deputy vice-president of the NATIONAL TYRE DISTRIBUTORS' ASSOCIATION.

★

The Energy Secretary has appointed Mr. John Dent and Mr. John R. Potts as part-time members of the NATIONAL COAL BOARD for three years. Mr. Dent is managing director of Dunlop Limited, having been with the Dunlop Group since 1968. Mr. Potts is group financial director of the Hogg Robinson Group. Mr. F. Holloway has resigned his part-time membership of the Board.

★

Mr. I. M. Calvocoressi has been elected a director of HEDDERWICK STIRLING GRUMBAR & CO., stockbrokers.

★

Mr. Terence P. Goddard and Mr. Kevyn P. Jones have become directors, MOTHERCARE and Mr. Kenneth Gaskell, Financial Controller.

★

A number of senior appointments is announced by RIVER AND SEA GABIONS (LONDON). Mr. T. A. G. Bristow, formerly technical director, becomes deputy managing director, and Mr. Brian Marden, technical manager, is promoted to technical director. Mr. Roger Chapman takes over as manager UK division in place of Mr. A. D. Crowhurst, who becomes senior marketing executive in U.S. associate, Maccaferri Gabions Inc.

★

Following the retirement of Mr. Roy McPherson, Mr. Peter Tweart is appointed joint managing director of UAC INTERNATIONAL from August 1.

★

NATIONAL SUPPLY COMPANY (an ARMCO company), oilfield equipment manufacturer, has promoted Mr. Don A. Swarner to managing director, London. He will have marketing responsibility in the UK for the company's drilling equipment line, and succeeds Mr. Donald W. Vogelsang, who transfers to the company's Houston, Texas, headquarters.

★

Mr. Nicholas Horsley has been appointed president of the DAIRY TRADE FEDERATION. He succeeds Mr. John Travers Clarke who has resigned on his appointment as chief executive of the hotels and catering division of Grand Metropolitan. Mr. Ben Davies, a director of Unigate, has been elected vice-president to join Mr. Stan Suggate, group dairies manager, the London Co-op Society. Mr. A. R. Good, chairman of Express Dairies, has been elected chairman of the Dairy Trade Federation's research policy committee. Mr. Horsley is chairman of Northern Foods, Hull. He begins his second term of office as president of the Federation on August 1.

★

AIR PRODUCTS has appointed Mr. R. J. S. Dickins to the Board. He is European personnel director.

★

Mr. Douglas C. Cornwall has been appointed president of NATIONAL ADVANCED SYSTEMS (EUROPE) CORPORATION.

★

Mr. Victor Gauntlett, chairman and managing director of Pace Petroleum and a keen motor sport enthusiast and competitor, has become a director and shareholder of ASTON MARTIN LAGONDA.

★

Mr. Ray Wilson is appointed to the Board of THE MATFIELD PRESS.

★

Mr. William Menhinick, financial controller of the SOUTH SUBURBAN CO-OPERATIVE SOCIETY for the past nine years, has been appointed deputy chief executive.

★

AMERICAN EXPRESS has appointed Mr. Alberto Modolo as regional vice president, travel, UK/Ireland and South Africa, based in London.

In the travellers cheque division, Mr. David Cameron-Moore, based in London, is promoted to the new position of vice president—marketing and sales, Europe, Middle East and Africa.

New posts at Wimpey

Mr. C. S. Gill has been appointed regional director of the London office of WIMPEY CONSTRUCTION UK. Mr. K. Waddington has been appointed regional director of the company's Southampton office.

★

Mr. Adam R. Fleming has been appointed a director of ROBERT FLEMING INVESTMENT MANAGEMENT from August 1. He was formerly a director of Jardine Fleming Hong Kong.

★

Mr. H. A. Meakins, managing director of THE TORRINGTON COMPANY, succeeds Mr. F. I. H. Wood as chairman on July 31.

★

Mr. John F. Johnson has been elected a vice president of INTERNATIONAL TELEPHONE AND TELEGRAPH CORPORATION. Mr. Johnson is group general manager ITT north group of telephone equipment manufacturing companies, and will continue in his present position.

★

Mr. Neil H. L. Fitton has been appointed a director of AUSTIN REED GROUP. He is managing director of Chester Barrie, a wholly-owned subsidiary.

★

AVIATION AND GENERAL INSURACE CO. has appointed Mr. P. H. Tyler as superintendent, claims section, underwriting services department. Mr. R. H. Peet has retired from the chairmanship, but retains his seat on the Board. Mr. D. S. Craigen, formerly deputy chairman, has been elected chairman and Mr. P. R. Dugdale deputy chairman.

Mr. C. Pollard retires as treasurer and secretary and Mr. A. M. Oliphant becomes company secretary on August 1.

★

Mr. Peter Yates, director and general manager of Lister Diesel Gmbh, Germany, is appointed to the new post of resident director of all European subsidiary companies of R. A. Lister, a Hawker Siddeley company. Mr. Yates, who is based at Troisdorf, near Cologne, is now responsible for co-ordinating the operations of Societe Lister and Cie, France, and R. A. Lister and Cie, Belgium, in addition to Lister Diesel Gmbh.

★

Mr. Norman J. Birch, managing director of NATIONAL STANDARD COMPANY, has been promoted to group vice president of international operations.

★

Mr. R. J. Harman has been appointed director and deputy general manager of SMITHS INDUSTRIES Basingstoke division in succession to Mr. H. W. Davis.

★

Mr. David West has been appointed production director of IPC BUSINESS PRESS. Since 1976 he has been commercial director of the general magazines group in IPC Magazines. He takes up his new post on August 4.

★

MOLEX ELECTRONICS has appointed Mr. J. Young to the main Board, coincident with his promotion to general manager.

★

Mr. Alan Newton, engineering director and Mr. Trevor Salt, manufacturing director, have been appointed to the Board of ROLLS-ROYCE, the aero engine company. Mr. Salt joined the company in 1941 and Mr. Newton in 1937, both as apprentices.

★

Mr. N. P. Hamilton has been appointed to the Board of BLACK AND DECKER. He also becomes general manager of the UK company.

★

Mr. Peter C. F. Hickson, is the new financial controller of TARMAC'S building products division. He succeeds Mr. Peter Gee. Mr. Hickson joins Tarmac from Wimpey Asphalt, where he was finance director.

★

Mr. Michael L. Buneman, who is in charge of BANKERS TRUST COMPANY'S representative office in Frankfurt, has been promoted to vice president. He joined the company in London in 1971.

WORLD STOCK MARKETS

Dow 4 firmer at mid-session

AFTER LOSING further ground at the outset yesterday, Wall Street regained its poise to show a firmer tendency at mid-session after heavy dealings.

Analysts said the market was in an apparent consolidation phase with little incentive to advance, but enough latent support waiting for buying opportunities to stem any real decline.

The Dow Jones Industrial Average, which receded eight points last Friday, was ahead 4.01 at 922.10 at 1 p.m. The NYSE All Common Index recorded an improvement of 17 cents at $69.27, while volume reached 24.73m shares at 1 p.m.

Texas Instrument, which reported second-quarter earnings up to $2.40 per share from $1.95, rose 2¼ to $103¼.

GK Technologies shed ¼ to $40, despite higher earnings. The company is a take-over candidate for Penn Central.

Pullman traded as low as $28½ but was off only ⅛ at $30⅜ at mid-day. The Justice Department wants J. Ray McDermott to delay its planned $28 a share tender for Pullman while anti-trust questions are investigated.

American Distilling had not opened by mid-session. The stock closed on Friday at $16⅞. A Minneapolis investor has said he may seek to take over the company, and the American Distilling chairman is forming a group of stockholders prepared to block any offer they do not believe in their best interests.

Gold stocks were lower on profit-taking and also the easier London Gold price. Dome Mines lost 1⅜ at $108⅞.

THE AMERICAN SE Market Value Index was stil 0.66 off at 315.81 at 1 pm after volume of 3m shares.

Canada

Stocks mainly continued to recede in busy early dealings. The Toronto Composite Index declined 9.0 more to 2,188.2 at mid-day, while Golds lost 42.1 to 4,910.6 and Oil and Gas 46.1 to 5,087.6. In Montreal, Banks weakened 3.10 to 369.70.

Cominco fell 1¼ to C$59¾ and *Hudson Bay Mining* ¼ to C$29¼, but Alcan Aluminium rose ⅛ to C$35⅜.

Hong Kong

Combined turnover on Hong Kong's four stock exchanges yesterday surpassed the HK$500m mark for the first time since the 1973 boom, when it exceeded a total of HK$600m per day on several occasions.

Trading fever following last Saturday's announcement of a two percentage point cut in the local Prime Rate to 10 per cent boosted trading volume to HK$513.02m from last Friday's level of HK$435.72m. A further sharp early rise by share prices on the news was eroded in late morning by profit-taking, but the market turned upwards again during the afternoon. The Hang Seng index, which was 20 points higher at its best of the day, finished a net 9.5 up at a new seven-year closing peak of 1,156.6.

Among leading shares, Cheung Kong gained 70 cents to HK$19.80, Hong Kong Bank 30 cents to HK$18.20, Hong Kong Land 20 cents to HK$15.20 and Swire Pacific "A" 10 cents to HK$9.05, but Jardine Matheson lost 30 cents at HK$22.00.

Elsewhere, Associated Hotels added 25 cents at HK$5.65, China Light 60 cents at HK$22.00, East Asia Navigation 25 cents at HK$6.15, Mai Hon 60 cents at HK$8.70, Swire Properties 25 cents at HK$7.90 and World International 12.5 cents at HK$3.425.

Winsor closed 12.5 cents up at HK$3.70 on market expectations of good results being announced shortly.

Tokyo

The market saw little activity with stock prices tending to ease.

The Nikkei-Dow Jones Average was only 3.81 down at 6,816.71, although falls on the First Market section outscored rises by 338 to 263 after low volume of 160m shares, against last Friday's 260m.

News of the former Shah of Iran's death, although dealers expect that this might help to improve relations between Iran and the Western countries and Japan, had little impact on the market.

Resources-related issues weakened, Nippon Oil shedding Y30 to Y1,450.

Pharmaceuticals, Electricals and Shippings declined, but in firmer vein were some Defence-related issues, Constructions, Foods and Precision Instrument Manufacturers.

Australia

Following a slack trading session, Minings and Oils showed no clear trend, but Industrials displayed a firmer bias. The Sydney All Ordinaries index gained 3.30 to 917.58.

Leading miners were generally subdued pending Gold market reaction to the Shah's death, but Ashton Mining rose 15 cents and CRA put on 10 cents to A$5.30. In contrast, Bougainville receded 6 cents to A$2.58 and North Broken Hill 5 cents to A$3.55.

On the Industrial boards, leader BHP featured with an advance of 35 cents at A$14.95 after the results. CSR improved 6 cents to A$7.40 and Australian Paper 11 cents to A$2.06, but ICI Australia shed 8 cents to A$2.50.

News that Strata Oil is to complete its Woodada No. 2 well as a gas producer after a test flow of 3.8m cubic feet pushed the stock 15 cents higher to A$2.65.

Elsewhere in Oils, however, Woodside lost 7 cents to A$2.96 and Bridge Oil 10 cents to A$4.40.

Germany

Mixed movements were recorded after another quiet trading session.

Deutsche Bank improved DM 1.80 but Commerzbank lost DM3, while in the Engineering sector, MAN advanced DM 3.80 but Demag shed DM 3. Chemicals provided bright spots with Bayer up DM 2.60, BASF DM 1.40 firmer and Hoechst, which hardened 70 pfennigs.

Public Authority loans recorded further gains ranging to 60 pfennigs. The Bundesbank sold DM 23.7m nominal of paper.

Paris

Shares tended easier in quiet trading in reaction to the Wall Street downturn last Friday as well as gloomy economic forecasts in the latest report by the French National Statistics Institute on prospects for industry.

Foods, Electricals, Construction, Metals and Oils lost ground, while Banks, Real Estates, Motors, Printing, Stores and Chemicals were mixed.

Johannesburg

Gold shares were generally modestly easier in quiet trading, reflecting the lower bullion price, with declines outnumbering gains by about three-to-one. Vaal Reefs shed 125 cents to R86.75, but Randfontein improved 100 cents to R80.50.

Mining Financials were mixed to firmer, but Platinums were slightly easier. Industrials tended to harden in a fairly quiet trade.

Due to the industrial dispute at Reuters, last Friday's prices for Japan, South Africa, Spain, Denmark, Norway, Austria and Sweden remained unavailable. Yesterday's price lists for these countries, in consequence, regrettably are shown without the day's price movements.

Indices

NEW YORK —DOW JONES

	July 25	July 24	July 23	July 22	July 21	July 18	1980 High	1980 Low	Since Cmpil'tn High	Since Cmpil'tn Low
♦ Industr'ls	916.09	928.11	929.58	927.50	928.67	923.96	928.67 (21/7)	759.13 (21/4)	1051.70 (11/73)	41.22 (2/7/32)
H'me B'nds	72.89	72.93	73.10	73.35	73.34	73.25	76.81 (23/6)	63.87 (28/3)	—	—
Transport	303.88	308.50	309.71	312.55	313.45	308.60	313.43 (21/7)	233.69 (27/3)	318.43 (21/7/80)	12.23 (8/7/32)
Utilities	112.83	113.36	115.47	114.28	114.17	114.28	118.88 (8/7)	96.04 (27/3)	163.32 (20/4/69)	10.52 (28/4/42)
Trading Vol 000's†	38,250	42,420	46,890	52,230	42,750	68,040	—	—	—	—

Day's high 925.34 low 913.23

Ind. div. yield %	July 18	July 11	July 4	Year ago (approx)
	5.72	6.03	5.94	6.83

STANDARD AND POORS

	July 25	July 24	July 23	July 22	July 21	July 18	1980 High	1980 Low	Since Cmpil'tn High	Since Cmpil'tn Low
‡Indust'ls	136.54	137.58	137.95	136.07	138.40	137.80	138.40 (21/7)	111.09 (27/3)	138.40 (21/7/80)	3.52 (30/6/32)
§Composite	120.78	121.79	121.96	122.19	122.51	122.04	122.51 (21/7)	98.22 (16/3)	125.85 (11/1/73)	4.40 (1/6/32)

	July 16	July 9	July 2	Year ago (approx)
Ind. div. yield %	4.86	4.97	5.07	5.32
Ind. P/E Ratio	8.02	7.90	7.22	7.87
Long Gov. Bond Yield	10.08	10.11	10.13	8.92

N.Y.S.E. ALL COMMON

July 25	July 24	July 23	July 22	1980 High	1980 Low
69.10	69.68	69.76	69.94	70.10 (21/7)	55.30 (27/3)

Rises and Falls	July 25	July 24	July 23
Issues Traded	(u)	1,889	1,919
Rises	"	578	630
Falls	"	791	876
Unchanged	"	420	399
New Highs	"	68	67
New Lows	"	4	9

MONTREAL

	July 28	July 24	July 23	July 22	1980 High	1980 Low
Industrial	400.87	402.37	398.07	394.08	425.80 (28/2)	323.21 (27/3)
Combined	367.71	369.43	366.66	364.17	378.90 (28/2)	296.30 (27/3)
TORONTO Composite	2157.2	2204.8	2195.8	2179.8	2204.8 (24/7)	1702.5 (27/3)

Other markets

	July 28	July 25	July 24	July 23	1980 High	1980 Low
AUSTRALIA						
Sydney All Ord. (1/1/80)	917.58	914.28	917.41	911.69	947.47 (14/2)	780.00 (2/1)
Metals & Mins (1/1/80)	5782.54	5779.65	5762.84	5673.50	6680.95 (14/2)	4581.26 (28/3)
AUSTRIA						
Credit Aktien (2/1/62)	67.58	67.15	67.15	67.87	69.40 (7/1)	66.85 (23/6)
BELGIUM						
Belgian SE (31/12/63)	94.26	94.54	94.29	94.30	105.75 (11/2)	90.14 (31/3)
DENMARK						
Copenhagen SE (1/1/73)	85.88	84.78	84.78	84.28	86.74 (2/1)	74.78 (18/3)
FRANCE						
CAC General (29/12/61)	107.8	108.3	108.3	107.7	117.8 (22/2)	97.1 (3/1)
Ind Tendance (28/12/79)	110.8	111.4	111.4	110.1	111.4 (24/7)	95.60 (3/1)
GERMANY						
FAZ-Aktien (31/12/58)	234.51	235.73	235.76	235.50	259.09 (25/2)	212.75 (28/3)
Commerzbank (Dec. 1953)	738.8	738.8	743.8	742.7	749.8 (25/2)	667.9 (27/3)
HOLLAND						
ANP-CBS General (1970)	87.8	88.8	87.8	87.4	88.8 (25/7)	74.8 (27/3)
ANP-CBS Indust. (1970)	66.8	67.8	68.4	68.3	68.2 (11/1)	59.2 (28/3)
HONG KONG						
Hang Seng Bank (31/7/64)	1156.62	1147.10	1130.57	1129.87	1156.62 (28/7)	738.9 (16/3)
ITALY						
Banca Comm. Ital. (1972)	108.18	108.12	107.54	107.28	108.18 (28/7)	85.11 (2/1)
JAPAN						
Dow Average (16/5/49)	6816.71	6810.40	6795.98	6837.47	6884.81 (25/4)	6475.93 (27/3)
Tokyo New SE (4/1/68)	468.86	468.88	468.50	469.75	475.55 (25/6)	449.01 (10/3)
NORWAY						
Oslo SE (1/1/72)	125.68	125.75	125.75	128.90	144.79 (14/2)	118.12 (28/5)
SINGAPORE						
Straits Times (1966)	579.09	579.18	571.57	574.36	579.09 (28/7)	429.75 (3/1)
SOUTH AFRICA						
Gold (1958)	(u)	(u)	767.6	764.8	767.6 (24/7)	549.8 (15/6)
Industrial (1958)	(u)	(u)	576.2	570.7	576.2 (24/7)	456.8 (29/1)
SPAIN						
Madrid SE (28/12/79)	(c)	105.9	103.90	103.64	105.98 (24/7)	95.78 (15/5)
SWEDEN						
Jacobson & P. (1/1/58)	571.58	575.4	575.46	574.57	686.38 (8/2)	534.72 (17/1)
SWITZERLAND						
SwissBank Co. (31/12/58)	309.4	310.1	307.2	309.4	317.9 (11/2)	276.0 (28/3)
WORLD						
Capital Intl. (1/1/70)	—	—	148.0	148.0	148.8 (21/7)	129.5 (27/3)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Texaco	891,000	37⅞	−1½
Burlington Ind.	519,100	21⅞	—
ATT	455,000	52½	−⅛
Norton Simon	443,900	16⅜	+⅞
IBM	375,800	64⅞	−⅜
City Invest.	330,600	23⅞	−½
General Motors	330,100	49⅛	−1
Nat. Semiconductr.	323,000	29½	+1½
ITT	313,600	28⅞	−⅞
U.S. Air	276,500	14	−⅜

NEW YORK · CANADA · BELGIUM · HOLLAND · AUSTRALIA · JAPAN · DENMARK · FRANCE · ITALY · NORWAY · HONG KONG · SINGAPORE · SOUTH AFRICA · GERMANY · SWEDEN · SWITZERLAND · AUSTRIA · BELGIUM/LUXEMBOURG · BRAZIL

Financial Rand U.S.$0.87½ (Discount of 33⅛%)

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Tea planters seek tax relief

By P. C. Mahanti in Calcutta

RISING COSTS and unremunerative auction prices threaten to push most South Indian tea companies into the red this year, according to a study of their financial conditions by the United Planters Association of Southern India.

The association warns that only adequate tax relief can save the situation for these companies. Steadily increasing costs of inputs — fertilisers, chemicals and petroleum products plus extra taxes and substantial wage increases have pushed up production costs to an estimated Rs 3 a kilo, which the gardens are not likely to recover from the prices available. Production in the south during the first six months was also lower at 66.5m kilos compared with 73.8m kilos in the same period of 1979.

Tea shipments via Cochin Port during the first five months of this year show only a marginal increase at 18.8m kilos compared with 18.5m in the same period last year and a record 24.9 kilos in 1977. Shipments are unlikely to improve because of a strike at Cochin Port.

Coffee fall continues

By Our Commodities Staff

THE DRAMATIC decline in world coffee prices continued yesterday with the September position on the London futures market falling another £87 to £1,199.50 a tonne. September delivery coffee has now fallen nearly £300 in the past month.

Dealers said there was no new development to explain the decline. The Latin American producer group was selling again but it was also operating on the buy side, they noted. The continued warm weather in Brazil may also have played a part in the fall, though dealers thought the possibility of a frost affecting coffee production there this year had already been largely discounted.

In Jakarta, Indonesian coffee traders said they hoped to export 225,000 tonnes this year, but feared a shortfall unless the government lowered its export surcharges and check prices.

At the weekend Indonesian exporters said they expected world coffee prices to continue their decline because of economic recession in importing countries and good harvests in Brazil creating a surplus.

Canada abandons USSR grain embargo

CANADA HAS dropped out of the U.S.-led embargo on grain sales to the Soviet Union from a practical standpoint, but still intends to honour its commitment not to sell the Soviet Union more grain than normal, Senator Hazen Argue, Minister responsible for the Canadian Wheat Board, said in Ottawa yesterday.

Mr. Argue said that the Canadian Agriculture Department and the Wheat Board are doing studies on what compensation is due western farmers for lower grain prices arising from the embargo, but it will be several months at least before any money is paid.

The Progressive Conservative Government made a blunder in January by agreeing to limit sales to the Soviet Union during the current crop year to 3.8m tonnes as part of the protest over the invasion of Afghanistan, he said. The U.S. continued with its contract to sell the Russians 8m tonnes of wheat and the Australians made record sales to the Russians while participating in the embargo. "Canada was the only country that sold less to the Soviets."

Mr. Argue said Canada was prepared to sell the Soviet Union about 5m tonnes of grain as it had in past years, but the actual sales level would depend on the size of this year's crop and the constraints of the country's ability to move the grain.

"But we will not be endeavouring to replace the U.S. grain," the Minister said.

While the U.S. was withholding low value animal feed grains, it wanted Canada to cut back on shipments of higher priced wheat used for human consumption, Mr. Argue complained.

Provisional Australian Government approval has been granted for the export of 1m tonnes of barley and 200,000 tonnes of oats to the Soviet Union for shipment in the year ending June 30, 1981, Primary Industry Minister Mr. Peter Nixon announced.

The shipments form part of the total 3.9m tonnes of grain which Mr. Nixon announced on June 24 would be approved for the current year.

Sales of 2.5m tonnes of wheat have already been approved and Mr. Nixon said the remaining 200,000 tonnes had been reserved for sorghum or possible adjustments to other export entitlements.

Mr. Nixon defended the Government approval of the coarse grain sales in a radio interview. He said Australia would maintain its support of the U.S. grain embargo on the Soviet Union, in spite of reports that Canada had backed out.

Opposition Primary Industry spokesman Senator Peter Walsh said the coarse grain sales were new trade. He said sales of Australian coarse grains to the Soviet Union had been so small over the past decade that they did not even show up in the Bureau of Statistics overseas trade figures. There were no recorded sales of barley and sorghum and the last oat sales were in 1975/76, he added.

In Rome, meanwhile, the UN Food and Agriculture Organisation (FAO) has cut its estimate of world wheat and coarse grains output in 1980 by 4m tonnes to 1.22bn tonnes. But this would still be 48m tonnes above 1979 production.

FAO expects 1980 wheat output to total 455m tonnes against 458m last month and 426m in 1979. It puts 1980 coarse grains output at 767m tonnes against 768m and 748m.

The cut from the previous forecast mainly reflects smaller wheat and coarse grain crops now expected for Canada and lower wheat output in China, FAO said.

Much of the projected increase from 1979 is due to an expected recovery in Soviet and East European output, although crops in most other regions are also likely to increase. Exceptions are North America and Oceania, where output is expected to be lower, it said.

Reuter

Disease will hit Cuban crop again

HAVANA—Cuba will again lose hundreds of thousands of tonnes of sugar in its 1980/81 harvest because of sugar rust disease, President Fidel Castro has forecast.

Nearly half the cane affected by rust would be destroyed this year, and new varieties were being sown to replace it, he said in a weekend speech.

The remaining 500,000 acres of the diseased variety would be eradicated next year, he said.

More than 430,000 acres of winter sowings were planned this year for the 1981-82 harvest, Dr. Castro said.

The total harvested in 1979/80 has still not been disclosed, but Western diplomats believe it to be between 6.4m and 6.8m tonnes.

The 1978/79 harvest was Cuba's second-biggest at 7.99m tonnes.

Cuban experts say the 1979/80 yield was higher than expected, but Labour and machine productivity was disappointing.

Reuter

Metal stocks rise

STOCKS OF base metals held in London Metal Exchange warehouses generally rose more than expected last week.

Copper stocks were up 2,175 tonnes to 110,625 tonnes; tin up 400 to 2,505; lead up 6,275 to 40,825; and zinc up 1,100 to 58,375. Stocks of silver rose 230,000 ounces to 28,050,000 ounces.

Trading on the LME was very quiet, with prices generally edging lower.

Malaysia raises rubber output

KUALA LUMPUR — Peninsular Malaysian rubber production in April rose to 87,880 tonnes from a revised 82,832 in March and 79,123 in April 1979, Statistics Department figures show.

Total output in the first four months this year was 438,303 tonnes against 446,122 a year earlier. Imports rose to 5,731 tonnes in April from 3,734 in March and 3,439 in April last year.

Exports in April rose to 125,058 tonnes from 69,369 in March but compared with 124,568 in April last year, the department said.

TROPICAL TIMBER

Plans to forestall a future shortage

BY BRIJ KHINDARIA IN GENEVA

PRODUCERS AND consumers of tropical timber have moved considerably closer to hammering out an unusual international arrangement to improve the management of forest resources and to forestall a likely supply shortage in five to 10 years time.

Delegates from 43 countries completed two weeks of negotiations here last week-end and reached substantial agreement on the main measures that should be taken to make the market more predictable and to aid producing countries to increase outputs steadily.

There are no reliable quantitative estimates of the likely shortfall in tropical timber supplies, including softwood, hardwood and fuel wood. But the World Bank thinks that nearly 2m hectares of new trees will be needed every year towards the end of the 1980s to satisfy world needs.

Insufficient funds

The main producers are developing countries in Asia, Africa and Latin America which have insufficient funds and expertise to manage existing natural forests and to create new plantations. The largest producers are Malaysia and Indonesia, while the largest consumer is Japan. The Scandinavians are emerging as increasingly important buyers of African tropical timber.

It is estimated that to meet demand in the year 2000, developing countries must increase fivefold the current rate of new plantings of 500,000 hectares per year of trees to be used as fuel wood. More than four-fifths of households in developing countries use wood as fuel particularly for cooking, but supplies are being severely depleted in rural areas where people are forced to use bushes instead of trees to burn.

But lack of expertise and investment funds are likely to limit the increase to only double the current level in the next five to 10 years.

A new trend is emerging in many developing countries to create plantations to increase natural tropical timber supplies for industrial uses, such as furniture and housebuilding. Trees grown in such plantations are smaller than those found in natural forests but grow more quickly. Plantations provide an orderly environment making cost - effective management easier.

The current rate of increase in such industrial plantations of 450,000 hectares a year is likely to double by the late 1980s.

Total investments needed to reach an annual rate of 2m new hectares planted, including infrastructure costs, is estimated at about $2bn a year. Out of this sum about $600m would have to be in foreign currencies. The foreign currencies component for industrial plantations only would have to be about $300m.

But higher value hard tropical woods would only be planted on an additional 150,000 hectares at a foreign currency cost of $50m a year.

The World Bank has suggested that a tax should be levied on the world tropical wood trade estimated at $5bn a year. Even a 1 per cent levy would yield $50m which would be enough to increase the output of the more expensive tropical hardwoods.

World Bank lending to developing countries to expand tropical timber resources has increased from 0.5 per cent of its total agricultural lending to 6 per cent in the 1979-80 period. The bank set a lending target of $500m for this purpose in the 1979-83 period but expects to reach that level two and half years before the end of 1983.

With the help of research institutes in Europe and the U.S., developing countries, particularly members of the Association of South East Asian Nations (ASEAN), have achieved remarkable increases in yields especially in industrial plantations. Some tropical wood species grown in plantations yield 20 to 30 times more than natural forest timber. In fact, the World Bank has achieved economic returns as high as 25 per cent on its loans for tropical timber development.

Against this background of optimism about technological developments in tropical timber, the negotiators agreed in Geneva that a group of experts should meet early next year to draw up a list of research projects which should be given financial support. The date has not yet been fixed.

The negotiations developed a set of criteria to decide which projects, suggested by producer countries, should be included in that list. The main criteria are that the projects should be beneficial for the tropical timber economy as a whole, they should take account of the views of both producers and consumers, and they should provide maximum returns for lowest costs.

The projects will focus mainly on promoting research and development to improve forest management, yields and plantation techniques.

The delegates also agreed on measures to promote collection and dissemination of more reliable data on the tropical timber production, demand, and marketing conditions. They emphasised the need to encourage planting of new trees to offset depletion and to take measures to avoid further depletion of timber for both fuelwood and industrial uses.

The expert group meetings early next year will be preceded by talks in Asia, Africa and Latin America to discuss tropical timber problems in each region.

More talks

Chairman Tatsuro Kunugi of Japan said on Friday that one more set of talks would be needed in Geneva sometime next year before diplomatic negotiations could be started to work out an international arrangement for tropical timber.

The arrangement would be concluded under a programme of the United Nations Conference on Trade and Development (UNCTAD). It would be financed partly by a new $750m fund which should become operational in 1982 and will act as a loan giving agency to a proposed system of 18 international commodity agreements, including tropical timber, proposed by UNCTAD.

Fish aid plea still being discussed

BY RICHARD MOONEY

PRESS REPORTS that the Government had decided to grant special aid worth £7m to £9m to the British fishing industry were dismissed as "pure speculation" by the British Fishing Federation yesterday.

"We haven't heard anything," a BFF official said. Aid on this scale would not be enough to ensure that the industry's threatened collapse would be averted, he added.

In answer to a Parliamentary question yesterday Mr. Alick Buchanan-Smith, Minister of State for Agriculture, said the Government was still considering an industry aid plea.

The industry asked for £35m worth of aid in the second half of this year to offset expected losses caused by reduced fishing opportunities and competition from cheap imports. Ministry requests for clarification on certain points has led the BFF to believe that the plea is being given serious consideration.

If aid on the scale suggested by the reports had been given earlier, it might have been enough to prevent the present "desperate" situation developing, the Federation official said. Earlier this year Mr. Peter Walker, the UK Agriculture Minister, announced a £3m aid package for the industry.

Militant Scottish fisherman have set an August 8 deadline for a Government announcement on further aid. The fishermen, who last week staged a symbolic "strike" have threatened further action, including a possible blockade of UK ports, if more money is not granted by then. Last week's strike was in protest at a collapse in quayside prices which resulted when Government money allocated to subsidise support prices ran out.

The fishermen claim subsidies by foreign Governments are responsible for the cheap imports which are undercutting their operating costs. But Ministers have said they can find no evidence of this and blame the competitive edge enjoyed by foreign trawlermen mainly on the strength of sterling.

● Fleetwood's main trawler operators, J. Marr and Son, yesterday laid up their last two trawlers operating from the port after they made a combined £25,000 loss on their last trip.

Marr's manager Mr. Jim Cross said: "This is the first time since the company started in 1908 that we have no ships fishing from Fleetwood.

"For six years we have been trying to spell out the threat to Whitehall and now the crunch has come."

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Easier on the London Metal Exchange in very quiet trading conditions. After opening a little stronger in pre-market trading at £959, forward metal traded up to £964 during the morning Rings. This proved to be the high for the day, and selling pressures during the afternoon brought the price back to £955 at its lowest point. A slight rally later left the close on the late Kerb at £958.5. Turnover in Rings 20,775 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	947-8	+5.25	958-9	-5
3 months	960.5-1.5	-7	954-5	-3.25
Settlem't	948	-7	—	
Cathodes				
Cash	912-3	-10	904-5	-6
3 months	926-8	-11.5	930-1	-5
Settlem't	915	-10	—	.....
U.S. Prod	—	.....	*100-106	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £948, 47, 47.5, three months £963, 64, 63.5, 63, 61, 62, 62.5, 62, 61. Cathodes, cash £912. Kerb: Wirebars, three months £961, 60.5, 61, 60.5, 60, 59, 58.5, 58. Afternoon: Wirebars, three months £957, 56, 55.5, 56, 56.5, 57, 56, 55. Kerb: Wirebars, three months £956.5, 57, 57.5, 58, 57.5, 57, 56.5.

TIN—Lost ground in quiet trading. Forward metal opened unchanged after the weekend at £7,200, but news of higher than expected stocks in London attracted selling and the price drifted off to £7,180 in pre-market trading. During the first Ring the price slipped further to £7,160, but buyers came in here and the metal closed the midday Kerb at £7,172.5. Forward metal traded between £7,160 and £7,180 throughout the afternoon, with the close on the late Kerb towards the top end of this range at £7,175. Turnover in Rings 800 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7125-30	-17.5	7130-40	-20
3 months	7165-70	+22.5	7166-70	-16.5
Settlem't	7130	-20	—	...
Standard				
Cash	7125-30	-17.5	7130-40	-20
3 months	7165-70	+2.5	7166-70	-12.5
Settlem't	7130	-20	—	...
Straits E.	*$2153	-14	—	.....
New York	—	.....	—	.....

Morning: Standard, cash £7,135, 30. Three months £7,160, 70, 80, 75, 70. Kerb: Standard, three months £7,165, 60, 55. Afternoon: Standard, three months £7,160, 65, 70. Kerb: Standard, three months £7,165, 70.

LEAD—Unchanged. Forward metal traded up to £373 early in the day, but this was its highest point and the price soon came back to £367 after the announcement of higher than expected stock figures. A slight rally later left the close on the late Kerb above the worst at £369.5. Turnover in Rings 6,575 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	358-.5	+.5	355-.5	-.5
3 months	369.5-70.5	+7.5	367-.5	+2.75
S'ment	359	+.5	—	.....
U.S. Spot	—	.....	*34-6	.....

Morning: Cash £359, 58, 57, 58. Three months £370, 71, 72, 71, 70, 71. Kerb: Three months £369, 70, 71. Afternoon: Three months £369, 68, 67, 68.5. Kerb: Three months £368, 67.

ZINC—Easier in quiet trading. The high for the day of £310 was reached early on, but selling pressures at this level took forward metal down to £305. The price closed above the worst at £307. Turnover in Rings 3225 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	297.5-8.5	-5.5	292-3	-5
3 months	309-10	-3.25	304-5	-4.75
S'ment	298.5	-2.5	—	—
Primw'ts	—	.....	*35.5	.....

Morning: Cash £298.5. Three months £310. Kerb: Three months £309.5. Afternoon: Three months £309, 08, 07.5, 07, 07.5, 06. Kerb: £305, 06, 05.5, 06.

ALUMINIUM—Put up a strong performance with both trade and speculative buying. Forward metal opened at £747, from which point profit-taking took the price down to £744. A U.S. buyer appeared at this level and the price quickly moved up to £749. Further speculative buying boosted the close on the late Kerb to £748.5. Turnover in Rings 5,550 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	773-5	+6.5	769-71	-5.5
3 months	746.5-7	+7.25	742-3	-5.5

Morning: Cash £777, 77.5. Three months £747, 48, 49, 48, 47.5, 48, 48.5. Kerb: Three months £748.5, 47. Afternoon: Cash £745. Kerb: Three months £748, 49, 48.

NICKEL—Unchanged in quiet trading. Forward metal opened in pre-market trading around £2,790, and then moved higher during the morning following the worse than expected news on stocks. The high for the day of £2,810 came during the second Ring, and the close on the midday Kerb was £2,805. Conditions were very quiet during the early afternoon, and then further business was done at the £2,800 level, at which price the metal closed on the late Kerb. Turnover in Rings 212 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2770-5	-7.5	2765-75	-10
3 months	2800-5	-14	2745-805	-7.5

Morning: Three months £2,800, 10. Kerb: Three months £2,805. Afternoon: Three months £2,800.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

CORAL INDEX: Close 485/492 (−2)

BASE LENDING RATES

A.B.N. Bank	16 %	■ Hambros Bank	16 %
Allied Irish Bank	16 %	■ Hill Samuel	§16 %
American Express Bk.	16 %	C. Hoare & Co.	†16 %
Amro Bank	16 %	Hongkong & Shanghai	16 %
Henry Ansbacher	16 %	Industrial Bk. of Scot.	17½%
A P Bank Ltd.	16 %	Keyser Ullmann	16 %
Arbuthnot Latham	16	Knowsley & Co. Ltd.	18 %
Associates Cap. Corp.	16 %	Langris Trust Ltd.	16 %
Banco de Bilbao	16 %	Lloyds Bank	16 %
Bank of Credit & Cmce.	16 %	Edward Manson & Co.	17 %
Bank of Cyprus	16 %	Midland Bank	16 %
Bank of N.S.W.	16 %	■ Samuel Montagu	16 %
Banque Belge Ltd.	16 %	■ Morgan Grenfell	16 %
Banque du Rhone et de la Tamise S.A.	16½%	National Westminster	16 %
Barclays Bank	16 %	Norwich General Trust	16 %
Bremar Holdings Ltd.	17 %	P. S. Refson & Co.	16 %
Brit. Bank of Mid. East	16 %	Rossminster	16 %
■ Brown Shipley	16 %	Ryl. Bk. Canada (Ldn.)	16 %
Canada Perm't Trust	17 %	Schlesinger Limited	16 %
Cayzer Ltd.	16 %	E. S. Schwab	16 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	17 %
■ Charterhouse Japhet	16 %	Standard Chartered	16 %
Choulartons	17 %	Trade Dev. Bank	16 %
C. E. Coates	16 %	Trustee Savings Bank	16 %
Consolidated Credits	17 %	Twentieth Century Bk.	16 %
Co-operative Bank	*16 %	United Bank of Kuwait	16 %
Corinthian Secs.	16 %	Whiteaway Laidlaw	16½%
The Cyprus Popular Bk.	16 %	Williams & Glyn's	16 %
Duncan Lawrie	16 %	Wintrust Secs. Ltd.	16 %
Eagil Trust	16 %	Yorkshire Bank	16 %
E. T. Trust Limited	17 %		
First Nat. Fin. Corp.	19½%		
First Nat. Secs. Ltd.	19 %		
Robert Fraser	16 %		
Antony Gibbs	16 %		
Greyhound Guaranty	16 %		
Grindlays Bank	‡16 %		
■ Guinness Mahon	16 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 14%, 1-month deposits 14¼%.
† 7-day deposits on sums of £10,000 and under 14%, up to £25,000 14¼% and over £25,000 14½%.
‡ Call deposits over £1,000 14%.
§ Demand deposits 14¼%.

COCOA

Opening easier, as due, cocoa futures weakened further during the afternoon session, before rallying slightly to close £15 below Friday evening, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
July	1001-1005	-9.5	1011-999
Sep.	1017-1018	-15.0	1027-1012
Dec.	1059-1060	-15.5	1058-1052
March	1099-1100	-19.0	1108-1095
May	1120-1124	-19.5	1129-1124
July	1140-1142	-25.0	1150-1142
Sept.	1160-1165	-18.0	1171-1170

Sales 3,470 lots of 10 tonnes.

COFFEE

New contract lows were registered for the third consecutive day as the decline accelerated on further long liquidation and stop-loss selling, reports Drexel Burnham Lambert. In the afternoon a limit down situation in New York prompted commission house and speculative selling which induced further losses and prices finished near the lows.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	1175-80	-70.0	1203-180
Sept.	1198-200	-87.0	1255-197
Nov	1210-20	-94.0	1280-15
January	1235-37	-92.0	1292-30
March	1200-10	-77.0	1272-13
May	1225-30	-60.0	1246-40
July	1220-80	-55.0	1290-85

Sales: 5,887 (7,524) lots of 5 tonnes.

ICS Indicator prices for July 25 (U.S. cents per pound): Other Mild Arabicas 149.50 (152.50). Robustas ICA 1976 143.00 (145.00). ICA 1968 143.25 (145.25). Unwashed Arabicas 207.50 (same). Comp. daily ICA 1968 170.67 (172.17).

GRAINS

LONDON GRAIN FUTURES—After a quiet morning session where values eased slightly on some hedge selling the market rallied to close 5p-10p up on wheat with the exception of September which closed weaker 25p down. Barley saw the most volume, mainly in September and November and values closed firm 10p-15p higher on the day, reports Acli.

Mnth.	WHEAT Yesterday close	+ or —	BARLEY Yesterday close	+ or —
Sept.	95.25	-0.25	90.45	+0.15
Nov.	98.80	+0.10	94.70	+0.10
Jan.	102.78	+0.05	98.65	+0.05
Mar.	106.20	+0.05	101.85	+0.10
May	109.70	+0.10	106.15	+0.10

Business done—Wheat: Sept. 95.25-95.10, Nov. 98.70-98.55, Jan. 102.60-102.55, March 106.00-106.00, May 109.70-109.70. Sales 75 lots of 100 tonnes. Barley: Sept. 90.45-90.10, Nov. 94.70-94.40, Jan. 98.55-98.30, March 101.80-101.80, May 105.15-104.95. Sales 158 lots of 100 tonnes.

IMPORTED—Wheat: U.S. Dark Northern Spring No 2 14 per cent July 97.25, Aug. 98.25, Sept. 99 transhipment east coast. U.S. Hard Winter 13½ per cent Aug. 92.50, Sept. 93.75 transhipment east coast. English Feed fob Sept. 99.50, Oct. 102, Nov. 103.25 east coast. Maize: French Aug. 124 transhipment east coast. S. African Yellow July/Aug. 80. Barley: English Feed fob end July 93.75, first half Aug. 92.60 south coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 88.80, E. Midlands—88.00, N. East 87.80, Scotland 90.00. The UK Monetary Coefficient for the period July 28-31 is 0.983. For the week beginning Monday August 4 it is expected to remain unchanged at 0.983.

SILVER

Silver was fixed 10.6p an ounce lower for spot delivery in the London bullion market yesterday, at £6.841. U.S. equivalents of the fixing levels were: spot $16.370, down 28c; three-month $16.717, down 27.3c; six-month $17.110, down 27.2c; and 12-month $17.960, down 29c. The metal opened at £6.85-£6.95 ($16.40-$16.60) and closed at £6.90-£7.00 ($16.45-$16.65).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unofficial	+ or —
Spot	684.10p	-10.6	691.25p	-2
3 months	709.10p	-10.5	715.5p	-2
6 months	730.80p	-10.7	—	.....
12 months	773.70p	-11.5	—	.....

LME—Turnover on rings 100 (no kerb volume available) lots of 10,000 ozs. Morning: three months 711, 09, 10. Kerb: untraded. Afternoon: three months 713, 12.5, 17. Kerb: three months 718, 19, 18, 17.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 300 tonnes. After an extremely dull trading period business was lifted by additional demands. Most users were unwilling to operate with any freedom, but scattered orders were placed in specialist growths.

RUBBER

The London physical market opened easier, with little interest throughout the day, closing on an idle note. Lewis and Peat reported an fob price for No. 1 RSS in Kuala Lumpur of 290.5 (292.5) cents a kilo and SMR 20 at 262.5 (264) cents (August).

No. 1 R.S.S.	Yest'day Close	Previous Close	Business Done
Sept.	58.50-58.80	58.60-62.20	—
Oct.	59.50-59.85	—	—
Oct-Dec	55.70-60.80	61.20-61.40	61.00-60.60
Jan-Mar	64.10-64.20	64.90-65.00	64.60-64.20
Apr-Jne	67.10-67.20	67.90-68.00	67.70-67.20
Jly-Sept	69.50-70.50	70.75-71.00	70.40-70.20
Oct-Dec	72.60-72.70	73.10-73.35	72.90-72.60
Jan-Mar	74.90-75.55	75.60-75.70	75.80-75.00
Apl-Jne	77.60-77.70	78.20-78.50	.....

Sales: 171 at 15 tonnes.

Physical closing prices (buyer) were: Spot 58.00p (56.50p); Sept. 61.25p (61.75p); Oct. 61.75p (62.00p).

SOYABEAN MEAL

The London market opened with losses of £1.50 and moved lower on stop-loss selling, reports T. G. Roddick. Fresh commercial house buying stemmed the price decline and values improved to close on a steady note at opening levels.

	Yest'rday Close	+ or —	Business Done
	£ per tonne		
August	111.00-11.0	—	—
October	111.30-12.0	—	112.50
December	115.00-15.1	—	115.60-15.50
February	117.00-17.5	—	117.55-16.05
April	118.50-18.9	—	119.60
June	118.00-21.5	—	—
August	120.00-25.0	—	—

— Not available.

Sales: 200 (237) lots of 5 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £283.00 (£271.00) a tonne cif for July-Aug.-Sept. shipments. White sugar daily price was £319.00 (£309.00).

The market initially eased under the influence of profit-taking but the lows were short-lived and prices gained ground. However, there was no follow-through on the upside and quotations slipped again later, reports C. Czarnikow.

No. 4 Con-tract	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
Aug.	287.50	282.00-84.00	—
Oct.	514.00-14.50	506.80-07.00	519.00-06.95
Jan.	526.00-27.75	519.00-20.05	530.00-27.00
Mch.	333.75-34.00	327.00-27.20	337.75-27.00
May	329.00-29.50	325.20-25.70	333.50-28.00
Aug.	325.25-25.75	315.50-19.00	321.00
Oct.	316.00-19.00	310.00-14.00	322.00-26.00

Sales: 1,086 lots of 50 tonnes.

No. 2 CONTRACT—Close (in order buyer, seller, business, sales): Aug. 295.00, 298.00, 304.00-285.00, 585; Oct. 322.00, 322.50, 326.75-312.00, 1,297. Sales: 1,883.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.5 (same) a tonne for home trade and £392.50 (£359.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for July 25: Daily price 27.60 (27.33); 15-day average 26.66 (26.75).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. Oct. 453.0, 455.0, 453.5-452.0, 9; Dec. 456.0, 458.0, 457.5-456.0, 44; March 459.5, 461.0, 460.5-459.0, 23; May 462.5, 462.6, 462.5-462.0, 29; July 463.0, 463.5, 464.0-462.0, 17; Oct. 463.0, 465.0, 463.5-463.0, 11; Dec. 463.0, 464.0, 464.0-464.0, 6. Sales: 139.

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. Aug. 361, 366, 365, 2; Oct. 363, 365, 368-365, 6; Dec. 363, 368, 367-368, 20; Jan. 365, 359, 368-365, 18; March 368, 378, 37-370, 10; May 370, 376, 374-370, 45; Aug. 378, 380, 376-374; 17; Oct. 376, 380, 377-375, 6; Dec. 376, 380, 378-377, 7. Sales 134.

PRICE CHANGES

In tonnes unless otherwise stated.

	July 28 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	.....	£815/915
Free Mkt	$1770/1785	.....	$1695/17
Copper			
Cash w'bar	£955.5	-5	£870
3 mths.	£954.5	-3	£899.75
Cash Cathode	£904.5	-6.5	£844.5
3 mths.	£930.5	-5	£875.5
Gold troy oz.	$644.5	-6	$651.5
Lead Cash	£355.5	+0.50	£337.5
3 mths.	£367.65	+2.75	£347.5
Nickel	£3,248.55	.....	£3,245.55
Freemkt (cif lb)	265/310c	.....	275/300c
Platin'mtr'y oz	£182.50	.....	£182.50
Free mkt	£278.55	.....	£285.55
Quicksilver†	$395/405	.....	$385/395
Silver troy oz	684.10p	-10.6	709.40p
3 mths.	709.10p	-10.5	739.40p
Tin Cash	£7,135	-20	£7,325
3 mths.	£7,168	-19.5	£7,275
Tungsten 22.04lb	$142.55	.....	$139.82
Wolfrm 22.04lb	$146/149	.....	$143/146
Zinc cash	£292.5	-5	£295
3 months	£304.5	-4.75	£306.5
Producers	$760	.....	$780
Oils			
Coconut (Phil.)	$	—	$632.50
Groundnut	:		:
Linseed Crude	£	—	£405
Palm Malayan	$560x		$540
Seeds			
Copra Philip	$	—	$450
Soyabean (U.S.)	—		$272.80
Grains			
Barley Futures	£94.70	-0.10	£95.85
Maize			
French No3AM	:		:
Wheat			
No.1 Red Spg.	:		:
No2 Hard Wint	£92.5x		£94.50
Eng. Milling†	:		:
Other commodities			
Cocoa ship't	£1,063	-19	£1,098
Future Sept.	£1,017.5	-16	£1,036.5
Coffee Ft'Sept.	£1,198	-87	£1,472.5
Cotton A Index	88.45c	.....	88.50c
Rubber (kilo)	56.00p	-0.50	59.50p
Sugar (Raw)	£285	+12	£290
Woolt'ps 64s kl.	388p kilo	.....	388p kilo

— Not available. u July-Aug. s Sept. w Aug. x July. z Indicator. § Buyer. ‡ Per 276-lb flask.

POTATOES

LONDON POTATO FUTURES—The market was very quiet, with no significant business being done. There now appears to be some concern about the keeping quality of the crop among many traders. This could bring pressure on the November position and increase the premiums for February and April, reported Coley and Harper. Closing prices: Nov. 40.10, +50 (high 40.00, low 39.80); Feb. 47.30, +70 (high 47.30, low 46.90); April 54.20, +80 (high 54.00, low 53.80). Turnover: 25 (53) lots of 100 tonnes.

TEA AUCTION

LONDON TEA AUCTION — 47,834 packages were offered at yesterday's auction. Demand was fair. Plain end of season Assams were lower, others often tended dearer. Best and plainest Africans were firm to dearer, with mediums irregular, sometimes lower. Quality Ceylons were often dearer. Bright mediums were firm and dusts were weak. Quotations: Quality 150p per kilo (150p); Medium 99p (95p); Plain 70p (70p).

MEAT/VEGETABLES

SMITHFIELD—pence per pound. Beef: Scotch killed sides 62.0 to 67.0. Ulster hindquarters 73.0 to 76.0, forequarters 40.0 to 45.0. Eire hindquarters 71.0 to 76.0, forequarters 39.0 to 44.0. Veal: Dutch hinds and ends 86.0 to 104.5. Lamb: English small 58.0 to 64.0, medium 56.0 to 60.0, heavy 54.0 to 58.0. Scotch medium 56.0 to 60.0, heavy 48.0 to 58.0. Imported frozen: N.Z. pl 51.0 to 51.5, pm 56.0 to 58.0. Pork: English, under 100 lbs 42.0 to 49.0, 100-120 lbs 39.0 to 47.5, 120-160 lbs 38.0 to 45.5.

MEAT COMMISSION—Average fatstock prices at representative markets on July 28. GB—Cattle 74.85p per kg lw (+0.15). UK—Sheep 137.98p per kg est dcw (−1.35). GB—Pigs 63.57p per kg lw (−3.93).

GRIMSBY FISH—Supply: good, demand: good. Prices at ship's side (unprocessed) per stone: Shell cod £5.00-£5.80, codlings £2.40-£3.60. Large haddock £7.40, medium £6.40, small £3.00-£5.00. Medium plaice £5.00-£6.50, best small £3.20-£4.70. Skinned dogfish (large) £6.50, medium £4.00. Lemon soles (large) £7.50, medium £7.00. Reds £2.20. Saithe £2.00-£2.50.

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—Brazilian: Navels 2.00-3.50; Moroccan: 45/113's 4.00-5.20; Cyprus: Valencia Lates 1.00-2.50; Californian Sunkist: Valencia Large 72/113's 4.80-6.00; Outspan: Protea/Navels 3.00-5.55; Jaffa: 144/168's 1.50-1.70. Lemons—Italian: 100/150's 4.50-4.80; Spanish: Trays 25/45's 1.80-2.40, boxes 4.50-8.00; Outspan: Trays 36's 3.00, boxes 6.00-6.50. Grapefruit—Outspan: Marsh Seedless 3.90-5.00. Tangerines—Brazilian: Honey 80/125's per box 7.00. Apples—New Zealand: Red Dougherty 12.00-12.50, Granny Smith 14.00; Spanish: Golden Delicious 11.00-12.00, 10 kilo boxes 60/65 5.70; Argentine: Starking Delicious 11.00-11.50; Australian: Democrats 11.50-12.00, Sturmer Pippin 12.50; South African: Golden Delicious 13.00-13.50, Granny Smith 14.00-15.00, Yorks 11.60; Dutch: 22 lb Golden Delicious 4.50; French: 40 lb boxes Golden Delicious 138/198's 10.00-11.00, 20 lb 5.50-6.00. Pears—Spanish: Per pound Williams 0.17; French: Guyot 28 lb 4.40; New Zealand: Winter Nelis 6.50-7.00.

AMERICAN MARKETS

NEW YORK, July 28.

THE LIVESTOCK complex finished mixed with the markets looking for direction. Grains and soyabeans advanced substantially on a weather-related rally. Coffee continued its limit decline. Lack of news on crop development and commission house profit-taking pushed sugar prices lower. Cotton was limit up on fears of crop damage. Additional origin selling of cocoa put the market under pressure. Precious metals sold off moderately on a lower discount rate announced by the Federal Reserve over the weekend. Copper responded with a moderate rise to new buying for protection against a lengthy strike, reported Heinold.

Potatoes (round whites)—Nov. 84.0 (86.5), March 110.5-111.5 (118.0), April 140.2.

Copper—July 102.25 (102.00), Aug. 102.25 (102.10), Sept. 102.60-103.30, Dec. 103.10-103.70, Jan. 13.95.0, March 104.90-105.40, May 105.75, July 105.65, Sept. 107.55, Dec. 108.85, Jan. 106.25, March 110.15, May 111.05.

¶Silver—July 1643.0 (1668.0), Aug. 1644.0 (1669.0), Sept. 1658.0-1662.0, Dec. 1705.0-1707.0, Jan. 1723.0, March 1754.0, May 1785.0, July 1815.0, Sept. 1847.0, Dec. 1894.5, Jan. 1910.0, March 1941.0, May 1972.0.

Sugar—No. 11: Sept. 29.85-30.10 (30.70), Oct. 30.70-30.80 (31.73), Jan. 31.75-31.80, March 32.45-32.50, May 31.95-32.15, July 31.35-31.40, Sept. 30.80-30.85, Oct. 30.50.

CHICAGO, July 28.

Lard—Chicago loose 23.00 (same). New York prime steam 23.00 (same).

Live Cattle—Aug. 73.85-73.70 (73.95), Oct. 71.45-71.40 (71.27), Dec. 71.80-71.60, Jan. 72.00, Feb. 72.50-72.10, April 73.55-73.30, June 74.20-74.00.

Live Hogs—Aug. 43.65-43.75 (44.10), Oct. 41.50-41.65 (41.95), Dec. 44.95-45.05, Feb. 48.10, April 47.25, June 49.70, July 51.00, Aug. 50.60, Oct. 48.50.

‡‡Maize—Sept. 324-323½ (321), Dec. 331-330½ (326½), March 339-338½, May 344-343¾, July 345½, Sept. 342.

Pork Bellies — Aug. 41.55-41.60 (43.22), Feb. 56.65-56.85 (57.72), March 56.75-56.90, May 57.35, July 57.65, Aug. 56.60.

Silver—July 1650.0 (1655.0), Aug. 1645.0 (1655.0), Sept. —, Oct. 1674.0, Dec. 1708.0, Feb. 1739.5, April 1771.0, June 1802.5, Aug. 1834.0, Oct. 1865.5, Dec. 1897.0, Feb. —, April —, June —, Aug. —, Oct. —.

†Soyabeans—Aug. 740½-742 (719½), Sept. 751-751½ (728½), Nov. 765½-767, Jan. 778-779, March 790-791, May 795½, July 798, Aug. 798.

‖Soyabean Meal—Aug. 199.9-200.0 (196.0), Sept. 203.0 (199.0), Oct. 204.8-204.3, Dec. 209.0-209.3, Jan. 211.2, March 213.0, May 214.0, July 215.0, Aug. 215.0-216.0, Sept. 215.0-215.0.

Soyabean Oil—Aug. 26.80-26.84 (26.12), Sept. 27.00-27.05 (26.32), Oct. 27.15-27.20, Dec. 27.45-27.50, Jan. 27.40-27.45, March 27.45, May 27.55, July 27.65, Aug. 27.55-27.65, Sept. 27.55-27.65.

†Wheat—Sept. 455½-454½ (440¾), Dec. 472½-474 (468¼), March 484½-485, May 487½-488, July 484½-485, Sept. —.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, July 28.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, July $203, Aug. $205, Sept. $209, Oct. $210, Nov. $211, Dec. $212. U.S. No. 2 Red Winter Aug. $195, Sept. $197, Oct. $199. U.S. No. 2 Northern Spring, 14 per cent, July $212, Aug. $211.50, Sept. $213.50, Oct. $217, Nov. $220, Dec. $226. Rest unquoted.

Maize—July $158, Aug. $155.50, Sept. $157, Oct.-Dec. $159.75, Jan.-March $160.50.

Barley—Aug. $171.50, Sept. $173.50, Oct. 175.50.

Soyabeans—U.S. Two Yellow Gulfports Aug. $294.50, Sept. $299.25, Oct. $302.75, Nov. $303.25, Dec. $306.75, Jan. $310.50, Feb. $315.75, March $318, April $319, May $319. Argentine July $284, Aug. $286, Sept. $290.

Soyameal—44 per cent protein U.S. afloat $240, July $245, Aug. $246, Sept. $248, Oct. $255, Nov.-March $252.50. Brazil Pellets afloat $250, July $255, Aug.-Sept. $260, Oct. $265, Nov.-March $276.

PARIS, July 28

Cocoa (FFr per 100 kilos)—July 990, Sept. 965-980, Dec. 1007-1010, March 1035-1055, May 1067, July 1077. Sales at call 3.

Sugar (FFr per 100 kilos)—Oct. 3080-3084, Nov. 3150, Dec. 3150, March 3250-3280, May 3220, July 3200, Aug. 3190, Oct. 3170. Sales at call 19.

INDICES

FINANCIAL TIMES

July 25	July 24	Mnth ago	Year ago
275.57	273.94	266.51	281.87

(Base: July 1, 1952=100)

MOODY'S

July 25	July 22	M'nth ago	Year ago
1188.3	1181.4	1171.4	1082.9

(December 31, 1931=100)

DOW JONES

Dow Jones	July 25	July 22	Month ago	Year ago
Spot	434.49	430.93	433.61	406.20
F'tur's	446.56	446.08	446.08	412.65

(Average 1924-25-26=100)

REUTERS

July 25	July 24	M'nth ago	Year ago
1680.8	1695.7	1676.9	1537.7

(Base: September 18, 1931=100)

Omissions from price tables on this Page are due to an industrial dispute at Reuter.

Disappointing trade at start of new Account

Equities and Gilts steady—Secondary Oils unsettled

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
July 14	July 24	July 25	Aug. 4
July 28	Aug. 7	Aug. 8	Aug. 18
Aug. 11	Aug. 28	Aug. 29	Sept. 8

* "New time" dealings may take place from 9 am two business days earlier.

Using total bargains as a measure, stock markets made the quietest start to a new trading Account since June 2. No follow-through buying supported the modest mark-up in last Friday's late dealings and the easier tone at yesterday's start was denoted in a loss of 2.7 in the 10 am calculation of the FT 30-share index; the fall was extended to 3.9 an hour later. Overall values of the leaders held around the lower levels until after the 3.30 pm official close when a slight improvement left the final index only 1.4 off at 485.9.

Gilt-edged were again uninspiring, but short-dated stocks saw a reasonable trade and closed up to 1/16 better, after ⅛, while longer maturities also ended higher, by up ⅛, after having shown small falls in selected issues at the opening. The medium tap Exchequer 11¾ per cent 1991 A rose 1/16 to £20¼ for the £20-paid stock. The Government Securities index, at 72.26, picked up 0.10 of the two-day fall of 0.33 recorded at the end of last week.

The equity sectors were featured by renewed weakness in leading Banks and secondary Oils, the former still following disappointment interim statements from Lloyds and Midland and the latter by renewed offerings in an unwilling market depressed by the downgrading of some recently high-flying exploration issues. However, both sectors closed well above the worst—largely unchanged in Banks after falls ranging to 10, while double-figure losses in Oils were generally recovered.

A reaction in the price of gold bullion was reflected in South African gold shares and in the Gold Mines index which, at 378.1, gave up 5.5 of last week's advance of 28.1.

Demand for Traded options was again subdued by recent standards with only 778 contracts arranged, well below last week's daily average of 1,326. Reasonably active issues included Lonrho and BP which recorded 166 and 135 deals respectively.

Oil market conditions were against yesterday's newcomer Marinex which opened at 158p, compared with the offer for sale price of 160p, and dipped to 140p before closing at 148p.

Banks dip & rally

After sustaining double-figure falls on Friday in reaction to Midland's disappointing interim figures, the major clearers continued to drift lower following comment on Midland's results and on nervousness ahead of today's first-half figures from NatWest. However, prices rallied smartly after-hours and NatWest closed unchanged at 350p xd, after 340p. Midland also ended unaltered at 335p, after 330p, but Barclays closed 7 down at 388p, after 386p. Elsewhere, Grindlays gave up 12 to 138p awaiting today's half-yearly results. Among foreign issues, Ka Wah Bank improved 2½ to 21p and Overseas Chinese Banking added 7 to 250p. With the exception of Schroders, which edged forward 5 to 315p in a thin market, merchant banks drifted lower. Recently firm Hambros, 543p, and Leopold Joseph, 180p, declined 9 and 10 respectively, while Hill Samuel dipped 2 to 140p. Manson Finance cheapened a penny to 42p ahead of preliminary results, due today.

Breweries opened the new Account in quiet mood but the firmer undertone was reflected in slight gains among selected leaders. Scottish and Newcastle ended a shade better at 62½p, while Whitbread firmed the turn to 154p on the sizeable property deal with BP.

Selected Buildings resisted the early dullness and Taylor Woodrow moved up 7 more to a peak for the year of 460p, while Tarmac added 2 at 260p. Elsewhere, Newarthill made a 1980 high of 278p, up 3, but Gough Cooper reacted after last week's strength to end 4 down at 96p. Similarly, Higgs and Hill gave up 5 further at 85p on fears of protracted bid discussions with BICC.

ICI regained an early fall of 4 to close unchanged at 370, but other Chemicals were undecided. Fresh demand in a narrow market lifted Leigh Interests 6 more to 178p, while Anchor put on 3 at 75p, but Allied Colloids, 102p, and Brent, 152p, lost 3 apiece.

Mothercare easier

Stores drifted lower for want of attention. Mothercare, the subject of adverse Press comment, fell 4 to 236p, while British Home, 160p, and GUS A, 434p eased 2 apiece. Away from the leaders, Harris Queensway shed 4 at 138p, while Grattan Warehouses closed a couple of pence down at 64p, but support was noted for J. Hepworth, 3 better at 81p, and for recently dull Lee Cooper, 5 up at 120p.

Electricals passed a quiet session and generally closed with a firm bias. Derritron hardened a couple of pence to 30p in response to an investment recommendation, while Ward and Goldstone put on 2 to 66p, after 62p, following the preliminary results. Henry Wigfall added 6½ to 170p xd and Ferranti, in ex-rights form, closed 6 to the good at 387p with the new nil-paid at 285p premium.

The overwhelming vote by shareholders in favour of the merger with Rolls-Royce unsettled Vickers which eased from 136p to close a net 2 down at 133p; RR closed unaltered at 65p. Tubes lost 4 to 266p ahead of interim figures due on August 8. Secondary Engineers were featured by a rise of 15 to 280p in Yarrow on compensation hopes, while Anderson Strathclyde put on 3 to 91p following an investment recommendation. Hampson edged forward a penny to 10p in response to higher profits and dividend and the proposed 10 per cent scrip-issue. Wolseley Hughes, on the other hand, remained friendless and fell 9 further to 239p, after 235p.

Feedex wanted

Foods were bereft of noteworthy features. Small mixed changes were the order of the day, typified by Sainsbury, down 2 at 430p, and Associated Dairies, that much harder at 198p. The chairman's warning of a difficult first half year's trading caused Tesco to ease the turn to 55p.

A Press suggestion that the company might be the subject of a bid approach from ICI injected fresh life into the recently firm Feedex Agricultural which touched 48p before closing 6 up on balance at 46p. Elsewhere in miscellaneous Industrials, Pauls and Whites put on 5 to 148p following Press comment and Standard Fireworks added 3 to 89p for a similar reason. Speculative support in a thin market left Applied Computer 15 higher at 410p, while reflecting firm Far-Eastern advices, Hutchison Whampoa rose 3 to 100½p and L. K. Industrial Investments added 5 to 26p. Bath and Portland edged forward a penny to 40p in front of today's interim results, but the general setback in the secondary oil market led to a reaction of 7 to 133p in National Carbonising. Still awaiting news of the Government's decision on the Inland Revenue computer contract, ICL gave up 3 to 165p, after 163p. Dealings in Wilkinson Match, 160p, were suspended at the company's request pending an announcement. Alexander Russell finished unaltered at 80p; the price in recent issues was incorrect, the shares having closed at 85p last Thursday. Among the narrowly mixed leaders, Reed International softened a penny to 193p ahead of tomorrow's first quarter figures.

Thoughts that the Department of Trade investigation into nominee shareholdings may preclude an offer for the company clipped 4 from Dunlop, 77p. Other Motor components also trended to lower levels with Dowty closing 4 off at 219p and Flight Refuelling falling 10 to 273p, the latter on profit-taking. Scattered support was noted for Supra 3 up at 72p.

Leading Properties enjoyed late support and MEPC, which had earlier slipped to 222p despite a favourable newspaper mention, recovered to 228p for a net gain of 3. Likewise, Land Securities improved 2 to 362p, after 358p, and British Land closed similarly better at 89p. Adverse Press mention made a heavy toll on McInerney, down 10 at 34p in a restricted market. McKay Securities were quoted ex rights and ex dividend at 150p with the new nil-paid shares at 30p premium.

Oils volatile

Speculative North Sea Oils began the day badly and soon incurred sizeable losses on renewed profit-taking and a little more forced selling. However, the tendency faded and late in the day the falls were reduced and in many cases erased completely. LASMO closed 11 down at 675p, after 662p, and Aran 14 lower at 430p, after 406p, while Berkeley regained an early loss of 13 to end unaltered at 180p. Similarly, Candecca picked up from 170p to equal Friday's close of 182p and Carless Capel finally gained a penny to 145p, after 140p. Edinburgh Securities lost 8 to 196p. Elsewhere, Premier were quoted ex scrip issue at 78p. Leading Oils fluctuated narrowly and British Petroleum finished unchanged at 348p, after 344p, while Shell picked up 2 at 412p. Among Australians, Moonie Oil responded to Press comment with rise of a point to £13½.

A dull market last week, Inchcape announced preliminary results in line with market expectations and buoyant current-year trade and rallied 16 to 432p. Elsewhere in Overseas Traders, Lonrho added 3 to 106p; the nil-paid firmed 2½ to 24½p premium.

The shake-out in Oils unsettled Investment Trusts with interests in that sector. Viking Resources eased 3 to 113p, while Atlantic Assets ended 6 down at 186p. Elsewhere, Rothschilds, 331p xd and Altifund Capital, 262p both dipped around 7. Among Financials, Press comment aided Hampton Trust, 4 better at 66p.

With the exception of Sirdar, 3 up at 94p on speculative interest, Textiles usually closed a shade easier. Further consideration of the annual loss and lack of a final dividend clipped 2 more from Harold Ingram.

Subdued mines

Mining markets opened the new trading Account in subdued form. The fall of $6 to $644.5 per ounce in the bullion price contributed to slight declines in gold shares, leaving the Gold Mines index 5.5 lower at 378.1.

South African Golds drifted lower on the back of the fall in the price of the metal, but rallied to close above the worst. Falls in the heavyweights ranged between ½ and ¼ in West Driefontein, £37½, East Driefontein, £11, and Hartebeestfontein, £29¼. Among lighter-priced issues, Unisel lost 19 to 597p, Blyvoor 13 to 712p, and Doornfontein and Welkom 8 apiece to 827p and 806p respectively.

South African Financials lost ground in sympathy, with Gold Fields of South Africa ¼ weaker at £34⅛ and "Amgold" down by a similar amount to £40¼. De Beers eased 4 to 424p.

London Financials also declined slightly, in line with the gold price. Consolidated Gold Fields lost 5 to 525p, Charter Consolidated 2 to 215p and Rio Tinto-Zinc 2 to 465p.

Australian Golds were mostly weaker following the fall in bullion, with Gold Mines of Kalgoorlie particularly affected at 414p, down 6. In Diamonds, news of the partial agreement with aboriginal interests over the Ashton venture lifted Ashton Mining by 4 to 122p. CRA and Northern Mining, which also have an interest, held at 254p and 110p respectively.

In energy stocks, Strata Oil gained 6 to 134p following the latest report from the Woodada No. 2 appraisal well at Strata's gas prospect. Haoma Gold, which has an interest in Strata, lost 4 to 146p, while North West Mining, another company with a stake in Strata, closed unchanged at 138p.

LONDON TRADED OPTIONS

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	300	60	—	76	10	—	—	347p
BP	390	26	63	38	—	48	—	"
BP	390	14	15	86	87	—	—	"
BP	460	3	20	—	—	—	—	"
Com. Union	140	20	3	e3	—	28	—	150p
Com. Union	160	6	83	11	—	16	—	"
Cons. Gold	350	30	23	44	—	66	—	524p
Cons. Gold	600	16	1	10	—	—	—	"
Courtaulds	70	10	—	10	10	14	7	66p
Courtaulds	80	3	20	6½	—	—	—	"
Courtaulds	90	1	1	3½	—	—	—	"
GEC	400	16	1	36	—	56	—	466p
Grand Met.	160	10½	8	16½	—	24	—	166p
Grand Met.	180	4½	9	11	—	—	—	"
ICI	330	48	—	58	6	—	—	369p
ICI	360	27	23	38	—	48	—	"
ICI	390	11	12	25	6	36	6	"
ICI	420	3½	10	—	—	—	—	"
Land Secs.	358	39	7	31	—	—	—	362p
Marks & Sp.	90	11½	—	13½	—	18½	—	94p
Marks & Sp.	100	6½	11	11	—	14	4	"
Shell	360	62	1	78	—	—	—	411p
Shell	390	40	6	56	—	—	—	"
Shell	420	25	30	39	—	48	—	"
Shell	460	13	3	21	4	32	14	"
Totals			354		62		31	
		August		November		February		
Imperial Gp.	70	13	60	13½	—	16½	—	80p
Imperial Gp.	80	4	—	6½	3	10	—	"
Imperial Gp.	90	1	—	3½	3	5	—	"
Lonrho	84	14	—	19	58	24	1	106p
Lonrho	104	8	43	15	1	19	—	"
Lonrho	114	4½	8	11	59	16	1	"
Lonrho	130	1	4½	10	11½	14	12	"
P. & O.	220	45	4	59	4	64	—	126p
Racal Elec.	240	27	—	37	10	31	—	260p
Racal Elec.	260	12	44	27	1	31	—	"
Racal Elec.	280	2	—	9	10	31	—	"
RTZ	420	48	5	68	—	98	—	463p
RTZ	460	17	11	42	—	67	—	"
Totals			139		178		14	

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., July 28, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri., July 25 Index No.	Thur., July 24 Index No.	Wed., July 23 Index No.	Tues., July 22 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	277.70	−0.2	16.65	5.92	7.27	278.25	278.79	279.28	281.75	233.41
2	Building Materials (28)	262.69	−0.1	17.57	6.38	6.69	263.04	262.82	262.88	264.84	218.95
3	Contracting, Construction (27)	415.40	—	22.22	5.86	5.37	415.22	413.88	415.66	419.77	347.03
4	Electricals (16)	790.05	−0.5	12.45	3.33	9.96	793.84	797.65	797.46	802.50	568.45
5	Engineering Contractors (11)	329.95	−0.1	20.58	7.90	6.09	330.24	327.90	329.47	333.90	368.57
6	Mechanical Engineering (74)	179.51	−0.3	17.67	7.40	6.89	180.00	180.50	181.49	184.25	170.03
8	Metals and Metal Forming (16)	170.74	+0.6	21.13	9.94	5.69	169.77	170.17	170.20	170.82	157.90
11	CONSUMER GOODS (DURABLE) (49)	228.91	−0.4	14.51	5.71	8.29	229.85	229.69	230.43	232.46	221.33
12	Lt. Electronics, Radio, TV (14)	340.76	−0.2	11.26	4.14	10.89	341.59	341.51	342.90	347.41	309.00
13	Household Goods (14)	97.39	+0.2	24.88	10.84	5.07	97.18	97.38	97.63	98.53	147.79
14	Motors and Distributors (21)	102.42	−1.1	22.66	9.65	5.09	103.52	103.24	103.32	102.79	108.40
21	CONSUMER GOODS (NON DURABLES) (172)	233.31	−0.3	17.76	6.93	6.81	234.10	234.77	235.24	236.29	226.15
22	Breweries (14)	284.22	+0.1	15.96	6.48	7.31	284.67	285.76	286.72	286.62	271.58
23	Wines and Spirits (5)	317.60	—	19.10	6.41	6.16	317.60	315.91	309.24	307.85	321.79
24	Entertainment, Catering (17)	334.37	−0.4	17.27	6.69	7.18	335.75	335.84	337.27	336.92	290.40
25	Food Manufacturers (21)	212.21	−0.5	19.16	7.07	6.13	213.23	214.59	215.25	217.27	192.34
26	Food Retailing (13)	346.27	−0.2	12.19	4.57	9.79	346.89	347.01	344.53	345.16	294.21
32	Newspapers, Publishing (13)	434.40	−0.1	21.98	6.73	6.14	434.63	441.44	443.11	443.50	393.61
33	Packaging and Paper (15)	132.07	−0.5	27.06	9.91	4.30	132.71	136.79	137.82	137.17	119.84
34	Stores (45)	226.30	−0.6	13.94	5.56	9.35	227.72	227.52	227.96	229.42	233.05
35	Textiles (21)	125.78	−0.4	26.14	12.56	4.66	126.32	126.37	126.62	128.12	148.93
36	Tobaccos (3)	224.87	+0.2	25.52	10.35	4.46	224.38	223.70	226.67	228.74	229.61
37	Toys and Games (5)	26.16	—	8.59	14.57	26.90	26.15	26.16	26.51	26.98	64.76
41	OTHER GROUPS (99)	225.96	−0.1	16.28	6.86	7.30	226.25	227.59	226.82	222.31	191.16
42	Chemicals (16)	315.48	−0.1	19.67	7.64	5.83	315.94	318.38	319.88	321.05	263.96
43	Pharmaceutical Products (7)	229.09	−0.1	11.05	6.04	11.20	229.36	231.89	230.83	230.32	208.73
44	Office Equipment (6)	104.04	+0.2	19.46	7.97	6.00	103.82	104.15	104.42	106.47	114.54
45	Shipping (10)	590.12	—	13.01	5.98	9.37	590.18	600.97	595.75	602.93	441.11
46	Miscellaneous (60)	284.01	−0.2	15.76	6.50	7.78	284.56	284.45	281.41	284.44	228.66
49	INDUSTRIAL GROUP (492)	249.90	−0.3	16.89	6.55	7.13	250.54	251.31	251.50	253.12	225.94
51	Oils (8)	788.58	+0.2	29.16	6.52	3.79	787.29	796.53	800.38	800.95	640.92
59	500 SHARE INDEX	292.63	−0.2	19.39	6.54	6.05	293.14	294.55	295.02	296.57	259.36
61	FINANCIAL GROUP (118)	228.96	−0.3	—	5.53	—	229.70	233.26	233.78	234.14	178.50
62	Banks (6)	224.70	−1.3	44.05	7.33	2.76	227.69	236.61	236.64	237.91	210.12
63	Discount Houses (10)	298.41	−0.1	—	5.94	—	298.69	298.14	303.18	296.89	253.55
64	Hire Purchase (5)	247.79	+0.3	12.50	4.04	10.42	247.06	253.41	251.56	246.64	157.40
65	Insurance (Life) (10)	229.67	—	—	5.54	—	229.74	232.65	232.89	232.40	143.57
66	Insurance (Composite) (9)	154.35	−0.1	—	6.97	—	154.54	156.80	156.74	157.50	116.28
67	Insurance Brokers (9)	332.72	—	13.96	6.93	9.84	332.84	343.83	344.41	344.61	232.59
68	Merchant Banks (12)	141.20	−0.3	—	5.03	—	141.65	140.56	141.01	140.77	94.59
69	Property (45)	435.70	+0.3	3.27	2.68	42.42	434.38	435.59	438.17	438.54	340.73
70	Miscellaneous (12)	141.69	−1.0	14.60	6.17	8.71	143.16	142.23	143.14	143.50	114.20
71	Investment Trusts (109)	258.75	−1.5	—	5.44	—	262.59	263.76	264.85	267.08	200.20
81	Mining Finance (4)	241.47	−0.6	11.18	4.09	10.79	242.85	243.84	242.39	244.91	112.28
91	Overseas Traders (19)	413.63	+1.1	11.58	7.21	10.52	408.94	415.38	418.07	422.17	319.71
99	ALL-SHARE INDEX (750)	279.82	−0.3	—	6.23	—	280.55	282.91	282.90	284.43	236.11

FIXED INTEREST PRICE INDICES

	British Government	Mon., July 28	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	106.91	+0.22	—	6.85
2	5-15 years	115.01	+0.25	0.38	8.31
3	Over 15 years	122.60	+0.17	0.17	7.78
4	Irredeemables	135.80	−0.18	—	7.24
5	All stocks	114.67	+0.20	0.14	7.21

	FIXED INTEREST YIELDS British Govt. Av. Gross Red.		Mon., July 28	Fri., July 25	Year ago (approx.)
1	Low Coupons	5 years	11.32	11.37	10.28
2		15 years	12.23	12.25	11.55
3		25 years	11.29	11.33	11.21
4	Medium Coupons	5 years	12.62	12.69	12.40
5		15 years	12.55	12.59	12.34
6		25 years	12.49	12.50	12.28
7	High Coupons	5 years	12.76	12.84	12.65
8		15 years	12.93	12.95	12.65
9		25 years	12.72	12.73	12.65
10	Irredeemables		10.85	10.84	10.73

		Mon., July 28 Index No.	Yield %	Fri. July 25	Thur. July 24	Wed. July 23	Tues. July 22	Mon. July 21	Fri. July 18	Thurs. July 17	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	55.52	13.56	55.46	55.45	54.61	54.57	54.46	54.38	54.34	58.33
16	Investment Trust Prefs. (15)	50.94	13.26	50.94	50.94	51.28	51.28	51.23	51.19	51.19	51.22
17	Coml. and Indl. Prefs. (20)	68.55	13.10	68.30	68.10	68.25	68.25	68.10	67.06	67.10	72.21

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
LASMO	25p	10	675	−11	830	337
Premier Cons.	5p	8	78xc	− 2	99	36
Feedex Agricult'l	10p	7	46	+ 6	48	31
Barclays Bank	£1	6	388	− 7	430	327
Burmah Oil	£1	6	196	—	249	162
Eng. China Clays	25p	6	109	+ 1	109	74
GEC	25p	6	468xd	+ 1	494	326
NetWest Bank	£1	6	350xd	—	380	305
Tricentrol	25p	6	334	—	414	250
Charterhouse Grp.	25p	5	96	+ 1	96	61
Imp. Cont. Gas	£1	5	788	−12	906	593
Marks & Spencer	25p	5	94	− 1	98	77
Racal Electronics	25p	5	261	− 1	290	175
RTZ	25p	5	465	− 2	485	327
Unilever	25p	5	498	− 4	512	388

OPTIONS

First Dealing	Last Dealing	Last Declaration	For Settlement
July 21	Aug. 1	Oct. 23	Nov. 3
Aug. 4	Aug. 15	Nov. 6	Nov. 17
Aug. 18	Aug. 29	Nov. 20	Dec. 1

For rate indications see end of Share Information Service

Call options were done in British Land, Feedex, KCA, FNFC, MIMS, Higgs and Hill, Racal, Premier Oil, Town and City Properties, Shell Transport, Aran Energy, Strata Oil, Burmah, Lonrho, English China Clays, Samantha, Dunlop, MFI and Poseidon. Puts were arranged in Trusthouse Forte and Premier Oil, while doubles were completed in Raglan Properties, Feedex, Premier Oil, Lonrho and FNFC.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. date	1980 High	1980 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
.381	F.P.	—	60	60	Energy Capital 1/12p	95	+2	—	—	—	—
‡‡	F.P.	20/6	350	330	Gotaas-Larsen	350	—	—	—	—	—
33	F.P.	—	37	30	Hall Bros.	33	—	—	—	—	—
—	F.P.	—	90	74	Hanson Farm Prods 10p	86	—	b2.9	2.5	4.6	11.8
[illegible]	F.P.	—	9	3	Hanjin & Purser	7	—	—	—	—	—
160	F.P.	—	143	140	Marinex 10p	148	—	—	—	—	—
100	F.P.	—	110	91	Peerless	92	—	—	—	—	—
31	F.P.	—	47	40	Pollo & Nolan 10p	46	—	—	—	—	—
180	F.P.	—	112	103	S.P.O. Minerals 10p	103	—	—	—	—	—
57	F.P.	—	85	73	Utd. Electronic 20p	77	+4	—	—	—	—

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. date	1980 High	1980 Low	Stock	Closing Price £	+ or −
‖	F.P. 23/7	—	119	109½	British Home Stores 9% Cnv. Ln. '92	117	—
100	£10	—	100½	9p	Gates B½Convt. Bds. due 1993	102	—
‡‡	F.P.	—	99	95	...	95	—
[illegible]	F.P.	—	102	101	Outwich 10% Pref.	101	—
[illegible]	F.P.	—	106	104½	South Staff. Water 9½% Red. Pf. '85	104½	—
[illegible]	F.P.	—	131	134	Sunderland & S.Shields Wtr 9% Red.Prf. 1985	134	—

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. date	1980 High	1980 Low	Stock	Closing Price p	+ or −
65	Nil	8/8	30pm	23pm	Anderson Strathclyde	25pm	+2
103	F.P.	14/7	137	121	Asbury & Madeley	133	—
72	F.P.	25/7	86	86	Berisford (S. & W.)	86	—
105	Nil	—	12pm	9pm	Brengreen	12pm	—
100	F.P.	4/7	156	141	Carless Capel	145	+1
60	F.P.	23/7	156	78	Charterhall	61	—
65	Nil	18/8	29pm	19pm	Clive Discount	22pm	—
165	Nil	—	32pm	26pm	Coalite	28pm	—
95	F.P.	25/7	109	102	Crest Nicholson	102	—
235	Nil	—	295pm	285pm	Ferranti	285pm	+6
620	F.P.	15/7	745	737	Harrison & Crosfield	725	—
41	F.P.	1/8	76	65	Hazelwood Foods	76	—
100	Nil	—	30pm	23pm	Land Securities	24pm	—
150	Nil	—	175pm	170pm	Lloyds & Scottish	170pm	—
110	Nil	—	33pm	30pm	Lonrho	24½pm	+2½
160	Nil	—	30pm	30pm	McKay Secs.	30pm	—
12	Nil	—	3pm	2pm	Millenden-Danny	3pm	—
52	F.P.	26/7	61	55	Moorhouse Foods	55	—
10	Nil	—	2½pm	2½pm	Thermax	2½pm	—
12½	Nil	21/7	1pm	1pm	Thurgar Bardex	1pm	—

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. † Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ‖ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 participating pref. shares and 1 ord. share at R3.50 per unit, comprising special rule.

FINANCIAL TIMES STOCK INDICES

—	July 28	July 25	July 24	July 23	July 22	July 21	A year ago
Government Secs.	72.26	72.16	72.24	72.49	72.34	72.54	72.46
Fixed Interest	73.63	74.07	74.06	73.93	73.84	73.76	73.82
Industrial	485.9	487.3	487.0	486.0	486.7	496.0	451.0
Gold Mines	378.1	383.6	377.2	372.7	361.5	359.9	185.7
Ord. Div. Yield	7.49	7.45	7.44	7.45	7.45	7.30	7.09
Earnings, Yld. % (full)	17.94	18.09	18.06	18.09	18.08	17.72	17.98
P/E Ratio (net) (*)	6.72	6.66	6.67	6.66	6.66	6.80	6.98
Total Bargains	20,719	25,698	23,655	22,868	24,808	24,806	—
Equity turnover £m.	—	141.15	129.96	159.23	125.21	137.83	71.10
Equity bargains total	—	17,758	16,183	16,510	17,445	18,405	12,988

10 am 484.6. 11 am 483.4. Noon 483.9. 1 pm 483.7. 2 pm 483.9. 3 pm 483.9.

Latest Index 01-246 8026.

*Nil=6.28.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	78.54 (21/7)	63.83 (7/3)	127.4 (9/1/35)	48.18 (3/1/75)
Fixed Int.	74.08 (24/7)	64.70 (10/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	503.1 (15/7)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	383.6 (25/7)	263.3 (18/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	July 28	July 25
—Daily		
Gilt Edged	119.3	105.5
Industrials	110.7	108.8
Speculative	37.0	41.1
Totals	79.3	76.5
5-day Avrge.		
Gilt Edged	119.6	121.6
Industrials	114.8	121.6
Speculative	39.0	40.5
Totals	79.8	83.4

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (59)

BRITISH FUNDS (3)
Exchqr. 9¼pc 1981 · Exchqr. 13½pc 1994 · Exchqr. 9¼pc 1982

AMERICANS (1)
Rep. of N.Y. Corp.

BANKS (5)
Cater Ryder · Keyser Ullmann · First National · Schroders · HK & Shanghai Bkg.

BEERS (1)
Greene King

BUILDINGS (3)
Finlan (J.) · Taylor Woodrow · Newarthill

CHEMICALS (1)
Rentokil

STORES (1)
Hepworth (J.)

ELECTRICALS (5)
Air Call · M.K. Electric · Crystalate · Thorn EMI · Energy Services

ENGINEERING (2)
Spear & Jackson · Wellman Eng. · Spirax-Sarco

FOODS (1)
British Sugar

INDUSTRIALS (14)
Feedex Agricultural · Pritchard Services · Hutchison Whampoa · Ricardo · Initial Services · Schlumberger · Johnson Grp. Clnrs. · Security Services · Norcros · Office & Electronic · Pauls & Whites · Standard Ind.

PAPER (1)
Waddington (J.)

PROPERTY (5)
Evans of Leeds · MEPC · HK Land · North British Props. · Lend Lease

TRUSTS (6)
Archimedes Inc. · General Funds 'Conv.' · Bishopsgate Trust · Gresham House · Ch. Islands Inc. · Challenge Corp. · Derby Trust Cap. · Haw Par · G.T. Japan

OVERSEAS TRADERS (1)
Aust. Agric.

TEAS (1)
Moran

MINES (4)
Stilfontein · Western Hldgs. · F.S. Saaiplaas · Southern Malayan

NEW LOWS (18)

ENGINEERING (4)
Bailey (C. H.) · Boulton (Wm.) · Barton & Sons · Wolseley Hughes

INDUSTRIALS (8)
Burns Anderson · Grovebell · Carlton Inds. · Hirst & Mallinson · Oliver Heel · Movitex · Derek · Staffs. Potts.

MOTORS (1)
Arlington Motor

NEWSPAPERS (1)
Internatl. Thomson

SHOES (1)
Lambert Howarth

TEXTILES (2)
Ingram (H.) · Sekers Int.

MINES (1)
Henderson

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	46	4	61
Corpns. Dom. and Foreign Bonds	6	1	70
Industrials	204	350	941
Financial and Prop.	90	184	232
Oils	10	25	41
Plantations	3	3	17
Mines	38	45	35
Others	40	72	62
Totals	437	684	1,424

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Henderson Admin. (Guernsey) Ltd.

Henderson Baring Group

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Invest. Mgmt. Intnl.

N.V. Interbeheer

International Pacific Inv. Mgmt. Ltd.

Jardine Fleming & Co. Ltd.

Keyser Ullmann Ltd.

Kemp-Gee Management, Jersey Ltd.

King & Shaxson Mgrs.

Kleinwort Benson Limited

Lazard Brothers & Co. (Jersey) Ltd.

Leopold Joseph & Sons (Guernsey)

Lloyds Bk. (C.I.) U/T Mgrs.

Lloyds International Mgmt. S.A.

M & G Group

Management International Ltd.

Midland Bank Tst. Corp. (Jersey) Ltd.

Samuel Montagu Ldn. Agents

Murray, Johnstone (Inv. Adviser)

Nat. Westminster Jersey Fd. Mgrs. Ltd.

Negit S.A.

N.E.L. International Ltd.

Pacific Basin Fund

Phoenix International

Providence Capitol Life Ass. (C.I.)

Quest Fund Mngmnt. (Jersey) Ltd.

RBC Investment Managers Limited

Richmond Life Ass. Ltd.

Rothschild Asset Management (C.I.)

Rothschild Asset Mgt. (Bermuda)

Save & Prosper International

Schroder Life Group

J. Henry Schroder Wagg & Co. Ltd.

Sentry Assurance International Ltd.

Singer & Friedlander Ldn. Agents

Standard Chartered Intl. Bd. Fd.

Stronghold Management Limited

Surinvest (Jersey) Ltd.

Surinvest Trust Managers Ltd.

TSB Unit Trust Managers (C.I.) Ltd.

TSB Gilt Fund Managers (C.I.) Ltd.

Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Tyndall Group

Unilife Assurance (Overseas) Ltd.

Union-Investment-Gesellschaft mbH

Utd. Intnl. Mngmnt. (C.I.) Ltd.

S. G. Warburg & Co. Ltd.

Warburg Invest. Mngt. Jrsy. Ltd.

Wardley Investment Services Ltd.

World Wide Growth Management

Wren Commodity Trust

NOTES

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	50.6	54.4	.....	1.83
Abbey Capital	40.5	43.8	.....	5.55
Abbey General	51.1	55.2	.....	5.69
Abbey Gilt & F.I. Tst.	115.2	121.3	.....	11.28
Abbey Income	47.4	51.2	.....	9.43
Abbey Intl. Bd. Tst.	93.2	98.7	.....	5.57
Abbey Inv. Tst. Fnd.	44.3	47.9	.....	5.32
Equitas Prog. Trust	77.1	83.4	.....	5.16

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	94.7	99.6	.....	11.02

Allied Hambro Ltd. (a) (b)
Hambro Hse., Hutton, Brentwood, Essex. 01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	84.8	90.7	-0.5	5.84
Brit. Inds. Fund	74.2	79.4	-0.4	6.55
Growth & Income	45.4	48.6	-0.2	5.72
Elect. & Ind. Dev.	41.6	44.5	-0.3	5.51
Allied Capital	87.7	93.8	-0.3	4.74
Hambro Fund	127.1	136.0	-0.5	6.38
Hambro Acc. Fund	160.1	171.3	-1.0	5.25

Income Funds

High Yield Fd.	67.3	72.0	-0.3	9.93
High Income	75.4	80.7	-0.3	7.91
A. H. Eq. Inc.	43.1	46.1	-0.1	7.87
Govt. Secs.	25.6	27.4	.....	8.21

International Funds

International	30.7	32.8	-0.3	3.29
Pacific Fund	50.6	54.1	-0.1	2.27
Secs. Of America	60.7	64.9	-0.4	2.77

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282

Growth Fund	67.3	70.8	.....	4.12

For Cosmopolitan see Chieftain Fund Managers.

Craigmount Unit Tst. Mgrs. Ltd.
40 Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	38.0	41.5	-0.1	10.89
North American	50.3	54.2	-0.3	3.08
Canadian Exempt*	61.4	64.9	.....	3.66
Canadian Trust	57.7	62.3	-1.2	2.85
Mid Mount High Inc.*	50.9	53.6	.....	8.98
Recovery	56.4	61.4	-1.2	6.80
Gilt Trust	47.2	49.0	-0.8	10.46

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (e)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	29.8	32.1	.....	1.17
Cres. Internat'l.	62.8	67.8	-0.4	2.58
Cres. High. Dist.	41.4	44.7	.....	10.91
Cres. Reserves	48.5	52.3	-0.2	5.74
Cres. Tokyo	19.6	21.2	-0.2	1.00

Dartington Unit Trust Magt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	23.8	25.1	.....	12.5

Discretionary Unit Fund Managers
Bilbao Hse, 36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. July 25	222.4	237.2	.....	5.41

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.3	19.1	.....	7.48
Gt. Winchester O'seas	22.6	24.9	.....	4.42

Emson & Dudley Tst. Mngmnt. Ltd.
28b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	80.9	87.0	.....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	82.1	86.4	-0.6	4.91

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1AD. 01-248 4891

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited
P.O. Box 73, St. Helier, Jersey. 0534 73933

Albany $ Fd. (C1)	US$156.46	157.48	.....	1.41

Next dealing Sept. 1.

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund	US$11.42	—	.....	—

Net asset value July 21.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Dollar Inc. Fd.	US$10.12	10.13	+0.02	9.60
AHR Gilt Edg.Fd.	£12.64	12.89	.....	12.64

Alliance International Dollar Reserves
c/o Bank of Bermuda, Hamilton, Bermuda.
Adv.: ACMI, 319 High Holborn WC1. 404 0377
Daily dis.: July 25-27 0.000677 (8.6% pa).

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 76077

East & Intl. Tst.(C1)	122.0	128.0	.....	2.93

Dealing last Thurs. of S. E. account.

Gov't Secs. Tst.(C1)	90.2	94.0	-0.1	13.57

Daily Dealings.

Sterling Fd.	113.3	113.4	.....	—

Dealing on Wed.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.

Wldinvest Income	US$110.19	110.75	.....	11.08

Prices at July 24. Next sub. day July 30.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels

Renta Fund	US$59.22	61.05	.....	9.09

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

1980 High	Low	Stock	Price £	+ or –	Int.	Red.
87½	78	5pc Stock '77-82	87		5.75	12.30

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

1980 High	Low	Stock	Price £	+ or –	Int.	Red.
91	82¼	Aust. 5½pc '81-82	91	......	6.16	12.70
85	72½	Do. 6pc 1981-83	85	......	7.14	11.84
67	58	N.Z. 7½pc 1988-92	66½	–½	10.96	12.67
81½	72	Do. 7½pc '83-86	81¼	–¼	9.32	12.22
96¾	83	Sth. Africa 9½pc '79-81	96½	–¼	10.07	14.37
160	107	Sth. Rhod. 2½pc '65-70	153ɸ	......	—	—
169	135	Do. 6pc '78-81	167ɸ	......	—	—

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Contd.

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY
Telex: Editorial 8954871. Advertisements: 885033. Telegrams: Finantimo, London.
Telephone: 01-248 8000.

Frankfurt Office: The Financial Times (Europe) Ltd., Frankenallee 68-72, 6000 Frankfurt-am-Main 1.
Telex: Editorial 416052. Commercial 416193. Telephone: Editorial 7598 234. Commercial 7598 1.

INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex 16527 Tel: 276 796
Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Bonn: Presshaus 11/104 Heussallee 2-10. Telex 8869542 Tel: 210039
Brussels: 39 Rue Ducale. Tel 23283 Tel: 512-9037
Cairo: P.O. Box 2040. Tel: 938510
Dublin: 25 South Frederick Street. Telex 5414 Tel: 785321
Edinburgh: 37 George Street. Telex: 72484 Tel: 031-226 4120
Frankfurt: Frankenallee 71-81 Telex: 416052 Tel: 7598 234
Johannesburg: P.O. Box 2128 Telex 8-6257 Tel: 838-7545
Lisbon: Praca de Alegria 58-1D, Lisbon 2. Telex: 12533 Tel: 362 508
Madrid: Espronceda 32, Madrid 3. Tel: 441 6772
Manchester: Queen's House, Queen Street. Telex: 666813 Tel: 061-834 9381
Mexico: Paseo de la Reforma 122-10, Mexico 6DF. Tel: 535 13 68
Moscow: Kutuzovsky 14, Apartment 1, Moscow. Telex: 7900 Tel: 243 1635
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex: 66390 Tel: (212) 541 4625
Paris: Centre d'Affaires Le Louvre, 168 Rue de Rivoli, 75044 Telex: 220044 Tel: 297 2000
Rome: Via della Mercede 55. Telex: 610032 Tel: 678 3314
Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex: 17603 Tel: 50 60 88
Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Fax Tel: 241 2920
Washington: 914 National Press Building, Washington D.C. 20045 Telex: 440340 Tel: (202) 347 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road. Telex: 338650 Tel: 021-454 0922
Edinburgh: 37 George Street. Telex 72484 Tel: 031-226 4139
Leeds: Permanent House, The Headrow. Tel: 0532 454969
Manchester: Queen's House, Queen Street. Telex: 666813 Tel: 061-834 9381
Frankfurt: Frankenallee 68-72. Telex: 416193 Tel: 7598 1
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex: 238409 Tel: (212) 489 8300
Paris: Centre d'Affaires Le Louvre, 168 Rue de Rivoli, 75044. Telex: 220044 Tel: 297 2000
Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex: J27104 Tel: 295 4050

Overseas advertisement representatives in Central and South America, Africa, the Middle East, Asia and the Far East.
For further details, please contact:
Overseas Advertisement Department,
Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY

SUBSCRIPTIONS

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription departments: Financial Times in London, Frankfurt and New York

For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester, Tel: 246 8026

هكذا من الأصل

هكذا من الأصل

INDUSTRIALS—Continued

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

FINANCE, LAND—Continued

OIL AND GAS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
25	21	Acmex 50c	23	+1	—	—	—
24	12	ACM 20c	20	−1	—	—	—
105	52½	Bond Corp.	103	......	b02.8c	2.2	1.4
156	88	Bougainville I Kina	129	−3	b026.2c	1.8	11.2
265	195	BH South 50c	200	......	♦	—	—
25	11½	Canada Northwest	29½	−½	—	—	—
42	8	Carr Boyd 20c	29	−1	—	—	—
£36¾	£15¼	Central Pacific	£31	+½	—	—	—
356	230	Conzinc Riotinto 50c.	254	......	Q15c	2.1	3.1
41	17	Cultus Pacific N.L.	33	......	—	—	—
52	20	Eagle Corp. 10c	36	−2	—	—	—
27½	15¾	Endeavour 20c	22½	−1	—	—	—
464	175	G. M. Kalgoorlie 25c	414	−6	†Q3c	—	0.4
46	15	Great Eastern	21	......	—	—	—
460	260	Hamptn Areas 5p.	420	−10	4.5	♦	1.5
204	30	Haoma Gold N.L.	145	−4	—	—	—
50	15	Intl. Mining	40	−2	—	—	—
720	80	Leichardt Expln.	180	+10	—	—	—
72	41	Metals Ex. 50c	59	+3	—	—	—
312	187	M.I.M. Hldgs. 50c	238	......	†Q16.1c	1.8	3.5
21	7	Minefields Expl. 25c.	21	......	—	—	—
155	60	Mount Lyell 25c	96	......	Q15c	♦	8.5
28	15	Newmetal 20c.	17	......	—	—	—
45	12	Nickelore N.L.	43	−2	—	—	—
207	137	North B. Hill 50c.	178	−1	†Q12c	1.4	3.5
101	44½	Nth. Kalgurli	90	......	—	—	—
165	90	Nth. Mining Corp.	110	......	—	—	—
184	24	N. West Mining N.L.	138	......	—	—	—
235	144	Oakbridge $A1	200	−3	Q12c	4.7	3.1
153	70	Oilmin N. L.	125	+1	—	—	—
230	128	Pacific Copper	200	−4	—	—	—
465	255	Pancont'l 25c	320	−10	—	—	—
78	42	Paringa M&Ex 5p	59	......	—	—	—
495	335	Peko-Wallsend 50c.	405	−5	tQ17.5c	♦	2.2
230	140	Selfrust A	166	......	—	—	—
£14¼	575	Southern Pacific	£11⅜	+⅛	—	—	—
98	31	Swan Resources 20c.	85	......	—	—	—
34	8	West Coast 25c	18	......	—	—	—
274	177	Westn. Mining 50c.	256	......	†Q7c	1.6	1.5
30	10	Westmex	16	−2	—	—	—
108	56	Whim Creek 20c.	86	+1	—	—	—
34	10½	York Resources	31	−1	—	—	—

Tins

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
25	14	Amal Nigeria 1p	14	......	16.0	—	—
345	255	Ayer Hitam $M1	290	......	‡Q290c	0.9	‡
67	42	Beralt Tin	58	......	4.5	3.2	11.1
225	149½	Berjuntai $M1	205	−10	Q85c	♦	8.8
230	150	Geevor	160	......	8.4	1.9	7.5
11½	10	Gold & Base 12½p.	11½	......	—	—	—
460	310	Gopeng Cons.	445	......	†25.0	[illegible]	8.0
330	280	Hongkong	320	......	‡35.87	♦	‡
105	90	Idris 10p	95xd	+3	14.0	[illegible]	21.1
15	12½	Jantar 12½p	13	......	1.5	♦	16.5
92	64	Kamunting $M0.50.	87	......	Q47½c	[illegible]	12.3
250	150	Killinghall $M1	250	......	†hQ50c	[illegible]	4.2
880	485	Malay Dredging $M1	795	+10	‡mQ105c	[illegible]	2.7
39	26	Pahang	39	......	0.44	[illegible]	1.6
108	83	Pengkalen 10p	85	......	6.0	[illegible]	10.1
305	230	Petaling $M1	305	......	†Q150c	[illegible]	10.3
78	57	Saint Piran	65#	......	‡2.5	[illegible]	‡
44	22	South Crofty 10p.	28	......	1.0	♦	5.1
350	180	South Kinta $M0.50.	325	+5	♦Q150c	1.0	9.8
555	325	Sthn Malayan $M1	555	+20	♦Q175c	2.1	6.5
305	215	Sungei Besi $M1.	260xd	−22	Q480c	♦	37.6
42	22½	Supreme Corp. $M1.	42	......	hQ8c	—	3.9
103	90	Tanjong 15p	100	......	5.75	6.0	8.2
95	78	Tongkah H. Tin	80	......	Q45c	1.3	12.6
330	220	Tronoh $M1	280	......	Q250c	0.7	18.2

Copper

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
235	130	Messina R0.50	205	−5	mQ10c	♦	2.8

Miscellaneous

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
180	78½	Anglo-Dominion	150	......	—	—	—
97	52	Barymin	53	......	—	—	—
17	12	Burma Mines 10p	14½	......	0.62	1.1	6.2
146	53	Colby Res. Corp.	140	......	—	—	—
502	290	Cons. Murch. 10c.	325	+5	MQ100c	1.8	17.6
180	105	††Hemerdon 10c.	205	−5	—	—	—
585	325	Northgate C$1	380	......	—	—	—
485	327	R.T.Z.	465	−2	15.0	3.2	4.6
33	16	Robert Mines	26	+2	—	—	—
58	26	Sabina Inds. C$1.	28½	......	—	—	—
51	40	††SWCM 10p	40	......	—	—	—
650	411	Tara Exptn. $1	440	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ‡ Regional price.
- ‖ No par value.
- §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	32	......
Bertam	16	......
Bdg'wtr. Est. 50p.	440	......
Clover Croft	60	......
Craig & Rose £1	£18½	......
Fife Forge	32½	......
Finlay Pkg. 5p	18	......
Graig Ship. £1	£14½xd	−⅞
Higsons Brew.	75	......
Holt (Jos) 25p	250	......
I.O.M. Stm. £1	190	−2
Pearce (C. H.)	465	......
Peel Mills	45	......
Sheff. Refrshmt	102½xd	+1½
Sindall (Wm.)	142	......

IRISH

Conv. 9% '80/82	£92	......
Nat. 9¾% 84/89	£91¼	......
Fin. 13% 97/02	£96½	......
Alliance Gas	50	......
Arnott	200	......
Carroll (P.J.)	62	......
Clondalkin	122	......
Concrete Prods.	70	......
Heiton (Hldgs.)	33	......
Ins. Corp.	260	......
Irish Ropes	47	+2
Jacob	32	......
T.M.G.	88	......
Unidare	80	......

OPTIONS

3-month Call Rates

Industrials

A. Brew	7
BOC Intl.	6
B.S.R.	4½
Babcock	8
Barclays Bank	34
Beecham	10
Blue Circle	25
Boots	16
Bowaters	15
B.A.T.	20
Brown (J.)	6
Burton 'A'	10
Cadburys	5½
Courtaulds	8
Debenhams	8
Distillers	17
Dunlop	7½
Eagle Star	15
F.N.F.C.	2¼
Gen. Accident	21
Gen. Electric	30
Glaxo	18
Grand Met	12
G.U.S. 'A'	34
Guardian	23
G.K.N.	20
Hawker Sidd	15
House of Fraser	15
I.C.I.	27
"Imps"	6½
I.C.L.	14
Inveresk	4
Ladbroke	15
Legal & Gen.	15
Lex Service	8
Lloyds Bank	24
"Lofs"	3½
London Brick	6
Lucas Inds.	17
"Mams"	14
Mrks. & Spncr	8
Midland Bank	26
N.E.I.	5
Nat. West. Bank	27
P & O Dfd.	18
Plessey	14
Racal Elect.	22
R.H.M.	4½
Rank Org.	15
Reed Intnl.	16
Sears	5
Tesco	6
Thorn	23
Trust Houses	12
Tube Invest.	23
Unilever	40
U.D.T.	5½
Utd. Drapery	6½
Vickers	12
Woolworths	5½

Property

Brit. Land	7
Cap. Counties	9
Land Secs.	24
MEPC	17
Peachey	13
Samuel Props.	12
Town & City	2

Oils

Brit. Petroleum	32
Burmah Oil	20
Charterhall	18
KCA	11
Premier	13
Shell	35
Tricentrol	40
Ultramar	35

Mines

Charter Cons.	24
Cons. Gold	40
Lonrho	8
Rio T. Zinc	35

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 32

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES
Tuesday July 29 1980

Bundesbank 'easing of monetary policy'

By Kevin Done in Frankfurt

THE Bundesbank, the West German Central Bank, is to pump DM 5bn (£1.2bn) extra liquidity into the West German banking system this week in what Herr Karl Otto Pöhl, Bundesbank president, described yesterday as "a very careful easing of monetary policy."

In a detailed defence of Central Bank actions this year he ruled out any sharp change of course and made it clear that the Bundesbank is still prepared to hold at present levels the key discount rate and the Lombard rate (at which it lends funds to banks against securities). The slowing domestic economic activity in the second half of this year gave no grounds for a sudden relaxation of monetary policy.

Any move to lower interest rates, which since May 2 have been standing at a record level, only once before equalled for a few months in 1970, would tend to be "irreversible," said Herr Pöhl. By contrast, measures to improve bank liquidity were "elastic" and could be better tailored to fit developments in the financial markets.

Herr Pöhl said the Bundesbank's overriding goal was to control the money supply and that the Central Bank's interest rates were only instruments to achieve this goal.

Money market rates had been falling since May without action from the Bundesbank. With the latest increase in liquidity it was hoped to bring short-term rates at least in line with the Lombard rate—currently at 9.5 per cent—or below.

Lombard credit should be reserved for its traditional role of offering the banks very short-term bridging funds, said Herr Pöhl. The Bundesbank has been concerned that banks had taken as much as DM 6bn in Lombard credit in July and that this could rise to as much as DM 7bn in August.

Its latest liquidity action, in which around DM 5bn will be made available against securities deposited by the banks with the Bundesbank, will be offered for 25 days at an annual interest rate of 9.2 per cent. A similar action launched earlier this month to provide DM 3.8bn expires next week.

Reaction in the financial markets will be carefully watched before the Bundesbank makes any further move. Its policy-making Council next meets on August 21 and some further action will be needed to ease bank liquidity as the DM 5bn advance will expire before the end of August. However, instead of immediately lowering the Lombard or discount rate, the Central Bank could again choose to take temporary market actions.

Herr Pöhl admitted that earlier this year the Bundesbank had suffered considerable "headaches" over the financing of this year's current account deficit, likely to be some DM 25bn, more than double last year's deficit of DM 10bn.

The latest figures released yesterday by the Federal Statistical Office show that the deficit in the balance of payments current account in the first six months was DM 12.3bn, compared with a surplus of DM 0.9bn in the first half of 1979.

There was at least no worsening in the trade account in June, which showed a surplus of DM 0.3bn, the same figure as in May.

Pöhl grounds for optimism, Page 3
Editorial comment, Page 18

Iranian parliament to discuss hostages

BY PATRICK COCKBURN IN TEHRAN

A SENIOR Iranian politician said yesterday the death of the Shah would make an important difference to the fate of the U.S. hostages.

In a marked change of tone from previous statements by influential members of the ruling hierarchy, Mr. Akbar Hashemi-Rafsanjani, the speaker of the new Parliament, said yesterday a parliamentary commission would start to consider the hostages next week.

Mr. Hashemi-Rafsanjani is the second most important leader of the clergy-dominated Islamic Republican Party, which has a majority in Parliament.

Since Ayatollah Khomeini, Iran's revolutionary leader, has said the future of the hostages is to be decided by Parliament, the attitude of the party is vital to the future of the hostages.

Other political leaders have contented themselves with ritualistic assertions that the Shah's death makes no difference.

"That is the safest thing to say at the moment," one politician said last night.

The remaining 52 American captives in Tehran have now been held since the U.S. embassy was stormed last November 4.

The comission is likely to consider whether some of the hostages should go on trial for espionage.

Attention is now shifting towards the return of the Shah's fortune.

"Undoubtedly the condition for freeing the hostages should be the return of all his wealth," the Oil Minister, Mr. Ali Akbar Moinfar, said yesterday.

The Parliament could possibly give Washington a precise figure for the Shah's assets which it wants returned to Iran.

Some Government leaders fear release of the hostages would be followed by massive retaliation from the U.S., which cannot be unleashed while the diplomats are held captive.

But any move by Parliament on the hostages is likely to be delayed by the struggle between the party and Mr. Abol Hassan Bani-Sadr, the Iranian President, on the choice of a new Government.

The President and Parliament yesterday agreed to set up a commission, which will include a representative of Ayatollah Khomeini, to discuss candidates for the prime ministership and the Cabinet.

● Iran's oil income in the four months since March 21 was $5.2bn, the Oil Ministry has said.

Last month's income was $864m from average exports of 800,000 b/d, which would imply a total oil income of $12 to 13bn total oil income for 1980.

Takeovers of U.S. banks meet political opposition

BY IAN HARGREAVES IN NEW YORK

MANOEUVRING among U.S. Congressmen over a possible temporary ban on foreign takeovers of U.S. banks appeared to be coming to a head yesterday.

With three important foreign takeovers, including the $820m (£343m) Midland Bank-Crocker National deal, in the pipeline, aides to Senator John Heinz of Pennsylvania said the senator would decide in the next two days whether to press for a moratorium on such mergers.

Senator Heinz persuaded the Senate banking committee to launch a three-month moratorium in 1979.

There are also moves afoot in the House to raise opposition to foreign bank takeovers, especially in the light of the Midland-Crocker proposal.

Representative Benjamin Rosenthal of New York, who heads a sub-committee of the House committee on government operations dealing with monetary affairs, has already opposed the Midland-Crocker deal and suggested a moratorium pending further investigation.

From the point of view of the foreign banks involved in the proposed acquisitions—Midland, First Arabian Corporation and a group of Arab investors which wants to take over Financial General Bankshares of Washington—the difficult process of obtaining regulatory approval is leading to a full-scale political minefield.

The furthest advanced of the three deals brought into question is that involving Financial General Bankshares, for which an Arab group headed by Sheik Kamal Adham of Saudi Arabia is willing to pay $148m. Last week, the bank holding company described the offer as adequate and said it would put the bid before federal and state regulators.

The other Arab bid, by the Luxembourg-based First Arabian, for Northern States Bancorp of Detroit, was made only last week.

Valued at just under $17m, it faces additional problems because First Arabian already controls a bank in the area and so could run into anti-trust difficulties. There is also a rival U.S. bidder, First American of Kalamazoo.

But the plum deal, and the one for which the congressmen will be gunning if they declare war, is Midland-Crocker.

EEC steel output to be cut

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

EEC steel producers, with the exception of the Italians, are to cut liquid steel output by at least 10 per cent in the second half of this year compared to the same period of 1979. All the producers are facing declining demand, and the move is an attempt to shore up the price of steel.

The cut in output has been agreed between the European Commision and the producers represented in the Europer "club." Proposals to include Italy in the agreement are still under discussion.

The European Commission operates the Davignon Plan for price and production stability in the steel industry. The plan was drawn up by Viscount Etienne Davignon, the EEC Industry Commissioner.

The new agreement marks a significant success for the Commission at a time when there have been considerable doubts about the survival of the Davignon Plan.

The Commission has tried unsuccessfully to get agreement on an across-the-board cut of this nature.

Brussels was apparently thinking initially of a cut of about 2 to 3 per cent for the third quarter of this year, but in view of the slump in demand for steel, it was decided to go for a much larger cut and to include the fourth quarter as well.

In some EEC countries the cutback amounts merely to confirmation of the scale of production loss that would have been experienced anyway.

The British Steel Corporation has lost 10 per cent of its domestic market as a result of the steel strike in the first three months of this year. Rationalisation of the French steel industry has also caused production cutbacks.

The Davignon Plan is voluntary, and in the past there have been many cases of producers flouting it. But it is held to have had some positive effects in keeping up prices.

The operation of the plan until now, however, has been concerned with agreeing production targets and price guidelines, with an overall attempt to secure agreement on capacity cutbacks throughout the EEC.

Money supply Continued from Page 1

the savings market if such stocks were introduced, and also pointed to the possible impact on inflows from abroad and on the exchange rate.

In general Sir Geoffrey offered no hope of immediate relief on the exchange rate. He emphasised that the Government had no exchange-rate target and that the level of sterling was determined by market forces.

Indeed, Sir Geoffrey specifically rejected suggestions by MPs that the exchange rate could be reduced by cutting MLR and introducing controls on capital inflows.

During the session Sir Geoffrey was asked about the suggested tripartite economic forum proposed by the Conservatives when in Opposition as a way of bringing together Government, industry and trade unions.

He emphasised the importance of the widest possible understanding of economic relationships and referred to the work of the National Economic Development Council in considering a wide range of such matters.

The Chancellor said that progress was "maddeningly slow" in securing a wide range of debate on this issue.

He believed, after discussions with TUC and CBI, that there was not much prospect of advantage in setting up a new body involving a wider number of participants than at present.

Vickers votes for Rolls merger

BY ROBERT COTTRELL

VICKERS shareholders have given overwhelming approval to the engineering group's proposed merger with Rolls-Royce Motors Holdings. But a special resolution to give directors of the merged company discretionary power to refuse any share registration which might place such shares under foreign control was withdrawn by the Vickers Board after shareholder protests at yesterday's extraordinary meeting.

The merger plan went through despite strong opposition from Mr. Walter Salomon, chairman of merchant bank Rea Brothers.

Of the votes cast, at the meeting, 84.43 per cent were in favour of the merger, with only 15.57 per cent—including Mr. Salomon's undisclosed holding—against.

About 40 per cent of potential votes were cast.

Sir Peter Matthews, Vickers' chairman, told the meeting that the new company would be called Vickers Ltd., not Rolls-Vickers, not Royce Vickers as originally planned. The Rolls-Royce name would continue for the cars and diesel engines produced by the motor company.

The union of the two companies via Vickers' takeover of Rolls-Royce Motors would mean that "a strong international competitive position will be established, to the mutual benefit of shareholders and employees," Sir Peter said.

Holders of 71 per cent of Rolls-Royce Motors Holdings shares had so far approved the merger, and more than 87 per cent of proxies received from Vickers shareholders before yesterday's meeting were in favour.

Mr. Salomon's proposal that the meeting be adjourned for four weeks for further consideration was defeated on a show of hands. He called the merger a "rape" for Vickers shareholders and a "fabulous deal" for Rolls-Royce shareholders. He would continue his fight.

A special resolution, designed to establish as "a cardinal principle of the company that it should not come under foreign control" by giving the directors absolute discretion to decline any shareholder registration, was withdrawn by the Vickers Board after protest from shareholders including Mr. Salomon.

The board declined comment after the meeting on its further intentions in this area.

Sir Peter said that his board's hopes of settling compensation earlier this month for the nationalisation of its aerospace business had been frustrated. But he stood by the guidance on compensation given to shareholders in the circulated merger documents.

Vickers shares closed 2p down yesterday at 133p, with Rolls-Royce Motors at an unchanged 65p. The one-for-two all-share bid values Rolls at £39m. The question of possible referral of the deal to the Monopolies and Mergers Commission is under consideration by the Office of Fair Trading.

Vickers' inability to announce a much-hinted-at settlement in respect of the nationalisation of the British Aircraft Corporation is understood to derive at least in part from a disagreement with GEC, its equal partner in BAC, about how much further the matter can usefully be pressed.

The Government is believed to have made a final offer of around £95m to the two companies, less than half the £200m mooted by GEC as an adequate settlement in 1977, when BAC was nationalised.

Vickers' hints at its annual meeting last month that a settlement was in sight apparently derived from its willingness to accept such an offer.

GEC, however, has substantial cash reserves and is holding out in the hope of a change of attitude by the Government.

Vickers has told its shareholders they can expect about £36m more in compensation.

AUEW rejects laggers compromise

By Nick Garnett, Labour Staff

THE TUC's struggle to keep the inter-union dispute over the Isle of Grain under some sort of control suffered a further blow yesterday when one of the unions involved rejected its compromise proposals.

The TUC formally advised the unions last week that they should accept the proposals.

Mr. Len Murray, the TUC general secretary, told them that unless they did the general council would consider whether to start procedures which could lead to their eventual suspension.

The executive of the Amalgamated Union of Engineering Workers' construction section decided yesterday, in spite of this warning, that the proposals were unacceptable.

Mr. John Baldwin, the section's general secretary, said his executive had taken the decision fully aware of its possible consequences.

It would have liked to have been able to help the TUC and to improve relations between itself and the General and Municipal Workers Union, which traditionally organises thermal engineers known as laggers.

It had concluded, however, that the proposals would not solve the problem on the power station site, would lead to its closure and contained elements which his union could not accept. It has written to Mr. Murray explaining its position.

The Electrical and Plumbing Trades Union, which along with the AUEW has been supplying replacements for the original laggers, has not yet formally decided on the TUC formula. It appears, however, as if it will also reject.

The TUC proposals which have already been accepted by some unions, envisage the GMWU sending in replacements for those laggers brought in by the other unions. The dispute erupted over bonus payments for the original GMWU laggers.

If the GMWU replacements were sent, recently trained laggers from other unions would move to jobs for which they have been traditionally trained.

The AUEW construction sector decided this was unacceptable because it says there would be no jobs for these men to go to on the site.

Weather

UK TODAY

OUTBREAKS OF thundery rain. Temperatures near normal.

London, S.E. England, E. Anglia, E. Midlands
Dry at first, sunny intervals. Thundery showers developing. Max. 25C (77F).

S.W., Channel Isles, S. Wales, W. Midlands
Mostly cloudy, outbreaks of rain with thunderstorms. Max. 20C (68F).

N.E. England
Sunny intervals. Possibly thundery showers later. Max. 25C. (77F.).

N. Wales, N.W. England, I. of Man, Ulster
Dry at first with sunny intervals. Thundery rain moving from South. Max. 23C. (73F.).

S.W. and Central Scotland
Mostly dry sunny periods. Max. 24C. (75F.).

E. Scotland
Mostly dry. Near normal temps. Max. 20C. (68F.).

Outlook: Showers and thundery rain. Sunny intervals.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	24	75	Lisbon	F	22	72
Algiers	S	31	88	Locarno	S	26	79
Amsdm.	S	24	75	London	F	24	75
Athens	S	30	86	Luxmbg.	F	24	75
Bahrain	S	38	100	Luxor	S	38	100
Beirut	S	28	82	Madrid	S	30	86
Belfast	C	18	64	Majorca	S	30	86
Belgrd.	R	26	79	Malaga	S	25	77
Berlin	C	23	73	Malta	S	28	82
Biarritz	S	32	90	M'chstr	F	23	73
Bmghm.	F	21	70	Melbne.	R	13	55
Blackpl.	S	23	73	Mex C.	S	21	69
Bordx.	S	28	82	Milan	S	29	84
Boulgn.	F	23	73	Munich	F	23	73
Bristol	C	23	73	Nairobi	C	16	60
Brussels	S	24	75	Naples	S	30	86
Budpst.	F	25	77	Nwcstl.	F	22	72
B. Aires	S	15	59	Nice	S	24	75
Cairo	S	34	93	Oporto	C	20	68
Cardiff	S	21	70	Oslo	C	26	79
Cas'b'ca	S	24	75	Paris	F	26	79
Cape T.	S	20	68	Perth	R	18	61
Cologne	F	24	75	Prague	C	19	66
Cpnhgn.	C	23	73	Reykjvk.	S	13	55
Corfu	S	28	82	Rhodes	S	29	84
Dublin	S	19	66	Rio J'o	S	25	77
Dbrvnk.	S	28	82	Rome	S	27	81
Ednbgh.	C	18	64	Salzbrg.	S	25	77
Faro	R	19	66	Singapr.	C	31	87
Frankft.	S	24	75	Stckhm.	S	25	77
Funchal	F	24	75	Sydney	R	15	51
Geneva	S	24	75	Tangier	F	23	73
Gibrltr.	S	25	77	Tehran	S	29	84
Glasgow	C	20	68	Tel Aviv	S	28	82
G'nsey	S	22	72	Tenerife	S	22	72
Helsinki	S	26	79	Tokyo	C	26	79
H. Kong	C	27	80	Tunis	S	28	82
Innsbrk.	S	26	79	Valencia	S	28	82
Invrnss.	C	20	68	Venice	S	28	82
Istanbul	S	31	88	Vienna	F	25	77
Jersey	S	23	73	Warsaw	F	22	72
Jo'burg	C	14	57	Zurich	S	23	73
L. Plms.	S	23	73				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

THE LEX COLUMN

Vickers wins, but waits for cash

Just 6 per cent of the shares of Vickers were voted against the merger with Rolls-Royce Motors, and while no more than a third were voted in favour the deal goes through easily, to face only a last insubstantial hurdle of a possible reference to the Monopolies Commission. In fact votes were cast in respect of only two-fifths of the shares, a figure which might either imply tacit approval on the part of the majority, or which could reflect simple apathy on the part of most shareholders. The stock market also seems to be a little bemused about the cash-rich/cash-hungry synergy of the Vickers-Rolls union, given that the Vickers share price is hardly changed since the deal was announced.

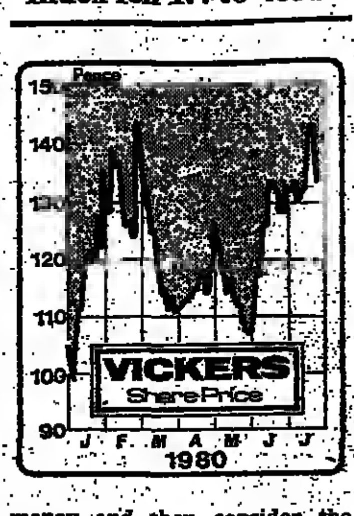
Just how cash-rich Vickers will be is, of course, largely dependent on the resolution of its nationalisation compensation battle. The emergence of further delays here is a disappointment that will take a little of the edge off yesterday's voting success.

Having a financially strong partner like GEC can have its disadvantages, as Vickers is now finding. The joint negotiations over the 50-50 British Aircraft Corporation have now reached a point where Vickers is ready to settle but GEC is still playing a waiting game. On the table is an offer of around £95m to be split two ways. Allowing for interim payments, that would mean another £27.5m for Vickers plus backlog interest.

GEC agrees that no more money is likely to be squeezed out, on the basis of the existing legislation, and that there is no point in going to arbitration. But it is watching carefully for any sign of a change in the Government's attitude following the only narrow defeat in Parliament of a private member's bill two weeks ago calling for a new look at compensation terms. A statement on shipbuilding compensation is due from the Government within the next few days, though it is not clear whether this will be relevant to the BAC dispute.

The weapon GEC is holding in reserve is an action in the European Court claiming that the compensation terms were in breach of international law. This could be especially embarrassing coming at a time when the Government is hoping to sell part of British Aerospace back to the public. GEC will claim that a price of under £100m is unacceptable for a business which was making £54m pre-tax profits in 1977, the year it was taken over. Vickers would like to take the money and then consider the European Court option later. GEC, however, is unlikely to do anything until the Government comes up with a decision, one way or the other, on whether it is willing to modify the legislation on compensation.

Index fell 1.4 to 485.9



Inchcape

With the bulk of the Harborn commodity losses firmly in the post, Inchcape's pre-tax profits for the year have jumped 60 per cent to £65.6m. While this is in line with expectations, a bullish statement helped the share price gain 16p yesterday to 432p. Apart from the loss elimination, most of the buoyancy stems from a single company trading in South-East Asia, Inchcape Berhad, whose contribution has risen by about £11m. The key to this improvement lies with the Toyota distributorship, where a series of new models, a weak yen and favourable new shipping terms have done wonders for margins.

The relationship with Toyota has proved beneficial elsewhere than in South-East Asia. A strong performance by Pride and Clark in the UK has counterbalanced the halving of Mann Egerton's contribution. In fact the group's motor business now contributes 40 per cent of profits, up from 29 per cent the previous year.

In the current year the Far East and South East Asia are remaining strong. The improvement in the Nigerian economy is likely to have some impact on the African loss, while in Europe last year's remaining £1½m of losses from Dutch commodity trading will move out of the comparison and there will be a full year's contribution from two new Toyota franchises. So pre-tax profits may approach £80m, to produce a prospective p/e of about 9, fully-taxed.

While the piggy-back ride by one of the strongest car manufacturers in the world is clearly having a powerful effect on the p and l account, the extent of the exposure is now starting to look a little high. Yesterday's announcement of a $40m Euro-bond, with the partial aim of financing expansion, is likely to herald attempts to boost the non-motor interests of the company, presumably through North American acquisitions.

Money markets

For the fourth time in six days the Bank of England yesterday found itself using sale and repurchase operations on commercial bills as the means of relieving the shortage in the money market, where interbank overnight money went to over 20 per cent. This is a reflection of the scarcity of Treasury bills in the hands of the discount market, since many bills at recent tenders have gone to outside banks; the houses do not have enough to sell to the central bank.

But to the extent that the discount houses are buying commercial bills (for eventual sale to the Bank of England) from non-banks or foreigners, who will have acquired them during the period of the corset controls, they are bringing off-balance-sheet financing back into sterling M3. The scale is considerable—brokers L. Messel point out that in the July banking month the Bank's holdings of "other securities" (mostly commercial bills) rose by nearly £600m.

This must be one source of the rapid re-intermediation at which the Governor of the Bank has hinted. It also seems that companies which had borrowed through issuing bills when the corset was on are now switching back to overdraft finance as the bills run off, since they expect interest rates to fall.

Some brokers—Messel among them—believe that, despite a high level of re-intermediation the July money supply figure will be satisfactory, largely because gilt-edged sales will have far exceeded public financing needs. But it would not be surprising in any case to see the Bank of England stress its new money series for private sector liquidity—PSL1 and PSL2—which already contain commercial bill holdings outside the banks and will therefore not be affected by re-intermediation. These series may supply the excuse for the next cut in interest rates. They would not, however, have justified the last cut—PSL1 grew at an 18 per cent annual rate between February and June.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.